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Dispute Between Europe, U.S. Foreseen Over Mexican Aid

MS0402152495 London FINANCIAL TIMES in English 4 Feb 95 p 3

[Report by George Graham in Washington and Stephen Fidler in London: "Europeans Angry At US Over Mexico"]

[FBIS Transcribed Text] The $50bn (32bn pounds) international rescue package, aimed at helping Mexico to overcome a financial crisis, has triggered a row between the US administration and senior European finance officials.

The dispute is likely to surface this weekend in Canada, at the meeting of senior finance officials from the Group of Seven industralised countries. One European official said last night, as participants met for dinner at the Four Seasons Hotel in Toronto, that Mr Robert Rubin, US Treasury secretary, was expected to "get an earful" from his European colleagues about the US handling of the crisis.

The finance ministers of the UK, Germany and France were all annoyed that Mr Rubin had failed to warn them in advance that the Clinton administration was going to abandon its attempt to get the US Congress to agree to $40bn of loan guarantees for Mexico.

Following a decision on Monday night that the guarantees would fail to pass Congress, President Bill Clinton announced the new $50bn international support package. This included $20bn of US finance, $17.8bn from the International Monetary Fund and $10bn from central banks under the auspices of the Bank for International Settlements [BSI] based at Basle.

The UK and Germany have harshly criticised the package, both because it sets a worrying precedent for future financial crises and because of the lack of consultation before the IMF agreed to increase its loan to Mexico from an already exceptional $7.8bn to an unprecedented $17.8bn.

They also take the view that Washington is using other government's money to address what are essentially US problems: a financial crisis in neighbouring Mexico and US financial institutions having invested unwisely.

Officials in Washington said six of the IMF's 24 executive directors, representing more than 25 per cent of the voting capital, had asked to be recorded as abstaining from the vote on the loan. Since almost all IMF board decisions are made by consensus, this unusually move represents a sharp reproof.

Executive directors from Germany, the UK, the Netherlands, Belgium, Switzerland and Norway—representing 34 countries in Europe and central Asia—objected both to the package and to its presentation as a fait accompli with minimal consultation. However, they did not formally notify their decision to abstain until after the conclusion of the five-hour meeting on Wednesday night which authorised the loan.

Mr Theo Waigel, the German finance minister, said yesterday; "We would have wished the co-ordination to have been a little tighter."

British and German officials are not convinced that the risk of Mexico's difficulties spilling over into some kind of systemic crisis was as great as the IMF and US have claimed. Rather, they believe that the turmoil in the Mexican financial markets was part of an overdue correction of excessively optimistic assessments of the risk involved in emerging markets.

Although the IMF's cash reserves are high, the objecting countries worry about the risk that a series of such crises could seriously deplete the fund's resources. They were unhappy, too, that so much money—$7.8bn—was to be made available so rapidly. IMF officials say the money will be available from Monday.

They also see moral hazard issues raised by a Mexican plan: if a bail-out is perceived as the normal response to a financial crisis, then investors will have less incentive to be wary of emerging markets and countries will have less incentive to correct their economic policies in time.

France also objected to the way in which the package was handled, and insisted particularly that the details of the package should be renegotiated so as to ensure that the US funds should be the first to be put at risk. But it chose not to abstain from the IMF vote.

European officials also said that the $10bn credit line, arranged under BIS auspices and announced by Mr Clinton, had not yet been approved because the terms and conditions of the loan had yet to be fixed. Furthermore, the $5bn credit line from BIS member central banks that had been agreed to earlier was now no longer operative. They also reckon that the Mexican crisis has revealed weaknesses in the IMF's monitoring procedures and will seek at the Toronto meeting to improve the fund's early warning systems.

Ecuador Said To Summon Urgent Foreign Ministers' Meeting

PY0702213495 Rio de Janeiro TVE Television in Portuguese 2044 GMT 7 Feb 95

[Headline from the "Rede Brasil" newscast]

[FBIS Translated Text] In view of the failure of the Rio de Janeiro negotiations, the Ecuadoran Government has called for an urgent meeting of all foreign ministers of the American continent.

Peruvian, Ecuadoran Envoys Willing To Resume Talks

PA0702152895 Quito Voz de los Andes in Spanish 1435 GMT 7 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The deputy foreign ministers of Ecuador and Peru, Marcelo Fernandez and Eduardo Ponce, respectively, have reiterated their willingness to resume in Brasilia the talks that were interrupted on Sunday in Rio de Janeiro. They have made contact with the Brazilian Foreign Relations Ministry to that effect.

According to the Ecuadoran Embassy, the talks were never suspended. However, for Peruvians this matter depends, for the time being, on the response of Ecuador to the draft agreement presented by the guarantor countries—Argentina, Brazil, Chile, and the United States.

Peru Frustrated Over 'Inadmissible' Ecuadoran Proposals

PY0702233395 Lima Radio Programas del Peru Network in Spanish 2222 GMT 7 Feb 95

[Live telephone interview with Hernan Baoz, "EFE correspondent in Rio de Janeiro," from the "News of the Airways" program]

[FBIS Translated Text] [Announcer] Good afternoon, Hernan. Here in Lima it is 1722.

[Baoz] It is 2022 here in Rio de Janeiro. Good evening. I would like to report that Peruvian Deputy Foreign Minister Eduardo Ponce has just left. Visibly upset, Ponce stated that he is not satisfied with the amendments proposed by Ecuador encompassed in the document submitted today. He added that these amendments are ostensibly distant from the proposals that Peru accepted on 5 February in the new document that was accepted.

In view of this, there is a new impasse in this new stage of the negotiations that have gotten started in Brasilia. Right now there is great anticipation about what will be the final situation of the Peruvian representatives here in Brazil.

The Peruvian Consulate in Rio de Janeiro has reported that Deputy Foreign Minister Ponce may be returning to Lima tonight. This report needs to be confirmed by Ponce within a few minutes.

[Announcer] Just another question, Hernan. Would you say that the reason for Ponce's visible annoyance over the amendments is because they are not in compliance with the original agreement achieved in Rio de Janeiro? Why is the Peruvian deputy foreign minister upset? Did he mention some of the amendments proposed by Ecuador, and why they cannot not accepted by the Peruvian delegation in Brasilia?

[Baoz] Without going into detail, Deputy Foreign Minister Ponce stated that demilitarization continues to be the main issue still distancing the positions of the two countries. He stated that Ecuador has made a series of proposals that Peru believes are inadmissible, incomprehensible, and of course unacceptable. In view of this, the new document submitted today to the representatives of the guarantor countries was obviously rejected.

At the end of the meeting, Deputy Foreign Minister Ponce informed the press that he is frustrated and concerned over the series of amendments proposed by Ecuador. In view of this, he said that Ecuador has gotten away from the basic issue, that is, the demilitarization in the border area.

[Announcer] Can we say, then, that Ecuador is proposing a cease-fire, which has been increasingly mentioned by Ecuadoran President Sixto Duran-Ballen, despite the presence of Ecuadoran troops in Peruvian territory? Is this the key factor that has not convinced the Peruvians?

[Baoz] I cannot assert this, because neither Deputy Foreign Minister Ponce nor the Ecuadoran deputy foreign minister have specified the main amendments proposed for this new document.

People here were taken by surprise by the Peruvian deputy foreign minister's sudden departure and his obvious annoyance in this regard.

[Announcer] Hernan, who was present in the meeting with Ponce, and how long did the meeting last in Brasilia?

[Baoz] The meeting lasted the entire afternoon. It ended about 20 minutes ago. Present at the meeting were representatives from the four guarantor countries. It was held at the Brazilian Foreign Ministry's building in Brasilia.

[Announcer] Thank you very much, Hernan, for this firsthand report a few minutes after the end of this meeting, the results of which we were anxiously awaiting. Unfortunately, Ponce's visible annoyance leads us to believe that Ecuador has distanced itself from the original proposal that was accepted by Peru regarding the demilitarization issue.

Thank you very much to our EFE colleague Hernan Baoz.

Peru Rejects Ecuadoran Counterproposal

PY0802000695 Sao Paulo AGENCIA ESTADO in Portuguese 2311 GMT 7 Feb 95

[FBIS Translated Text] Brasilia, 7 Feb (AE)—Peruvian Deputy Foreign Minister Eduardo Ponce Vivanco today labeled impracticable the counterproposal submitted by Ecuador to end the conflict on the border between the two countries. According to Ponce, the proposal submitted today by Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba to the mediating countries (Brazil, Chile, Argentina, and the United States) has an amendment providing for the continuation of an Ecuadoran civilian and military presence in the area under dispute, while Peru advocates demilitarization.

Ponce explained that he would stay in Brasilia, but will resume negotiations with the mediation of guarantor countries only after Ecuador withdraws the amendments included in the counterproposal. "We intend to demobilize the troops," Ponce said, adding that Peru might agree to the proposal made by the guarantor countries during their meeting in Rio de Janeiro last week, which provided for an immediate cease-fire, the separation of troops, and demilitarization of the zone. "We might adapt ourselves to the Rio proposal, but without amendments," Ponce said.

The Ecuadoran counterproposal was presented during over an hour and a half, a time period during which Deputy Foreign Minister Marcelo Cordoba met at Itamaraty with guarantor country representatives. The deputy foreign minister declined to give details of the Ecuadoran proposal, but when he left Itamaraty he was sure that progress would be made in the negotiations on 8 February. He said the counterproposal had only some minor changes with respect to the proposal that was discussed in Rio de Janeiro. "We have always supported an immediate, unconditional cease-fire and immediate dialogue," he said. Cordoba denied the possibility of a military coup in his country. "The country is strongly united behind its president and behind the defense of its national territory," he said.

Ecuadoran Official: Troops 'Cannot Withdraw' To Limits

PY0802032195 Madrid EFE in Spanish 0020 GMT 8 Feb 95

[FBIS Translated Text] Brasilia, 7 Feb (EFE)—Ecuadoran Deputy Foreign Minister Marcelo Fernandez said here today that Ecuadoran military forces cannot withdraw to the limits established by the 1942 Rio de Janeiro Protocol because "these are in Ecuadoran territory."

Fernandez insisted on his willingness for dialogue, and refrained from elaborating on the Peruvian rejection of the amendments proposed today by Ecuador to the draft agreement submitted by the guarantor countries on 5 February in Rio de Janeiro.

Fernandez also denied a report published by the Brazilian press about alleged concern by his government that a military coup would take place if the government yields the positions already taken by the country.

Fernandez said: "Ecuador is strongly united around its president (Sixto Duran-Ballen) and the defense of its territorial patrimony."

Brazilian Paper: Duran-Ballen Fears Coup

PY0702231295 Rio de Janeiro O GLOBO in Portuguese 7 Feb 95 p 19

[Article by Ascanio Selem and Ana Paula Macedo]

[FBIS Translated Text] Brasilia—Ecuadoran President Sixto Duran-Ballen has visited Brazil, Argentina, and Chile to tell Presidents Fernando Henrique Cardoso, Carlos Menem, and Eduardo Frei that he cannot give up his position in the conflict going on at his country's border with Peru. The war between the two countries, which in two weeks has killed over 50 people, has strengthened Duran-Ballen's position in Ecuador and increased his level of popularity, which the government itself had deemed mediocre. The Ecuadoran president told Cardoso, Menem, and Frei that he would be swiftly ousted through a military coup if he retreats from his current position.

According to Ecuadoran Government interlocutors at the OAS and the Brazilian Foreign Ministry, Duran-Ballen would rather be defeated on the battlefield than lose the conflict at the negotiating table. Since the military defeat against Peru in 1941, the Condor Mountain Range issue has become a matter of national honor for Ecuador. The only alternative the Ecuadoran president would accept would be a solution involving the OAS and the Rio de Janeiro Protocol presidents.

A Brazilian Foreign Ministry source reported that President Duran-Ballen would rather see the OAS intervene in the region, accept a simple withdrawal, or even agree to an undefined cease-fire. In case of an OAS intervention, the Ecuadoran president suggests that a peace mission, and possibly military troops similar to the UN blue helmets, be sent to the site.

In a two-hour meeting held in Brasilia early in the morning of 6 February, Duran-Ballen told President Cardoso that he could remain in office if the region is entirely demilitarized. If the diplomatic solution calls for an Ecuadoran withdrawal, the country will again become a dictatorship, the Ecuadoran president warned.

Itamaraty observers assert that the Peruvian presidential elections are making the crisis worse. President Alberto Fujimori, who is trying to gain reelection, is not giving any signs of retreating.

When he left Planalto Palace at 0200 on 6 February, Duran-Ballen thanked Fernando Henrique Cardoso for his "patience and cordiality." The Ecuadoran president refused to give any details of the talks they had had before meeting the Argentine and Chilean presidents.

I hope (the guarantor countries) can present a single proposal to the two countries, and that they do it the soonest possible, so that a cease-fire is decreed. As a result of this proposal, I hope there is a dialogue seeking a fair solution for the two countries, the Ecuadoran president said.

Duran-Ballen did not want to discuss the failure of the negotiations held between the deputy foreign ministers of the Rio de Janeiro Protocol guarantor countries and of the two countries in conflict. He recalled that from the start, in the first 24 hours following the beginning of the conflict, he has been asking the guarantor countries to participate in the negotiation process. The Ecuadoran president said he trusted the American spirit of unity, which was noted two months ago during the presidential summit held in Miami.

Otherwise, what would happen to the 34 other countries? We would have acted in a hypocritical manner if we had signed a document the terms of which we had no intention of complying with. The spirit of the document must be put into practice, he pointed out.

Ecuadoran Diplomat Denies Report

PY0702234195 Madrid EFE in Spanish 1717 GMT 7 Feb 95

[FBIS Translated Text] Brasilia, 7 Feb (EFE)—The Brazilian newspaper O GLOBO today reported that Ecuadoran President Sixto Duran-Ballen told his Brazilian counterpart Fernando Henrique Cardoso that he fears a military coup in his country if his government retreats from its present position in the conflict with Peru.

A diplomat at the Ecuadoran Embassy in Brasilia, however, denied the report, which he attributed "to irresponsible, improperly informed journalists."

Duran-Ballen began in Brasilia a tour that included Argentina and Chile, as part of a diplomatic offensive aimed at explaining why Ecuador did not approve the proposal for an agreement made by the guarantor countries in Rio de Janeiro.

O GLOBO said that if Duran-Ballen takes one single step backwards, the military would take over. The newspaper quotes official sources, and provides arguments to justify this hypothesis.

During his stay in Brasilia, Duran-Ballen gave no details of his dialogue with Cardoso.

Cuba

Arrival of 'Illegal Immigrants' From Panama

PA0802031795 Havana Radio Havana Cuba in Spanish 0000 GMT 8 Feb 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Five flights carrying some 500 Cuban illegal immigrants who have been in Panama since last September arrived at the Guantanamo U.S. Naval Base today according to reports by the U.S. Army Southern Command. So far, 3,000 Cuban rafters of the 10,000 accepted by Panama for a nonrenewable period of six months, which expires this March, have been transferred to Cuba.

Approximately 1,250 U.S. soldiers and another 3,600 who were already assigned to the camps along the banks of the Canal were sent to Panama to ensure the return of the rafters to the Guantanamo U.S. Naval Base takes place uneventfully.

More than 1,000 Cuban illegal immigrants staged serious scuffles last December after their intentions to emigrate to the United States proved fruitless. As a result of this incident, two rafters died after they tried to swim across the Canal and escape from the camps. The Cubans responsible for the disturbances are en route to Guantanamo escorted by 100 soldiers.

Robaina, in PRC, Says U.S. 'Showed Flexibility' in Talks

PA0702155995 Havana Radio Havana Cuba in Spanish 1300 GMT 7 Feb 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina, has begun his official activities in Beijing, PRC. He spoke about Cuba's foreign policy at a news conference.

Commenting on last August's immigration crisis and talks on the subject with the United States, Robaina said Washington showed flexibility by going to the negotiating table. He added that some points of concurrence were found.

Robaina expressed Cuba's desire to maintain relations with any country, based on mutual respect.

He also noted Cuba's relations with Latin America and Spain, stressing that those ties have a special meaning and have been strengthened through the Ibero-American summits.

Robaina arrived in Beijing Monday from the city of Shanghai. He has already met with PRC Foreign Minister Qian Qichen.

The PRC is the fifth and penultimate leg of Robaina's Asian trip. He previously visited Japan, Thailand, Nepal, and the DPRK. Robaina will end his Asian tour in the Philippines, where he is scheduled to arrive Wednesday.

Meets Foreign, Culture Ministers

FL0702225695 Havana Radio Rebelde Network in Spanish 1800 GMT 7 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] The official phase of Foreign Minister Roberto Robaina's visit to Beijing began today with a meeting with his counterpart, Chinese Foreign Minister Qian Qichen, during which both described bilateral diplomatic relations as excellent and stressed their interest in increasing cooperation in other areas. Robaina delivered to Minister Qian President Fidel Castro's message to President Jiang Zemin and highlighted Cuba's satisfaction with increased ties with Beijing, which, he added, are of great importance. Qian Qichen, vice premier and minister, pointed out to Robaina that China would welcome the Cuban head of state whenever it was convenient for him to visit, alluding to an invitation previously extended, which was reiterated during Jian Zemin's visit to Cuba at the end of 1993.

Robaina also signed a cultural, educational, and scientific-technical cooperation protocol with Culture Minister Liu Zhongde, aimed at strengthening ties of friendship and mutual knowledge. The protocol reflects the decision to go forward with direct cooperation between universities, as well as to exchange specialists, and specifies that 10 posts will be authorized to pursue higher studies in one or the other nation.

Lage Meets with Romanian, Slovak Delegations

FL0702160595 Havana Radio Rebelde Network in Spanish 0000 GMT 7 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] Carlos Lage, secretary of the Council of Ministers, today met with the Romanian delegation, led by Ion Pardarov, Romanian secretary of state for trade. Nicolae Petreut, Romanian ambassador to Cuba, and Pedro Alvarez, Cuban vice minister of foreign trade, also participated in the meeting.

Lage also welcomed the Slovak delegation to Havana, led by Economic Minister Jan Ducky, and Vladimir Masar, governor of the National Bank of Slovakia. Cuban leaders and the Romanian and Slovak delegations discussed issues that laid the foundation for establishing direct commercial and economic ties, as well as issues that contribute to the progressive development of relations between the two nations and Cuba.

Slovak Minister Signs Various Cooperation Agreements

PA0802034895 Havana PRENSA LATINA in Spanish 0112 GMT 5 Feb 95

[FBIS Translated Text] Havana, 4 Feb (PL)—Slovak Economic Minister Jan Ducky said today Cuba and

Slovakia established the basis to foster bilateral relations by signing various agreements for cooperation between the two nations.

During the second day of his visit to Cuba, Ducky signed three agreements, one on economic-trade, a cultural agreement, and a third one on health, with his Cuban counterparts with a view to strengthening the ties between Havana and Bratislava.

The Slovak minister said these agreements are only one step in the development of cooperation and disclosed that businessmen from Slovakia would be arriving in Cuba shortly.

Ducky added the businessmen's delegation accompanying him was able to meet with Cuban companies in the energy, mechanical, rubber, and agricultural areas, sectors which were indispensable for the renewal of bilateral cooperation.

Cuban Foreign Trade Minister Ricardo Cabrisas said the presence of Ducky in Havana encouraged the strengthening of relations in the economic and financial areas.

The Slovak leader met with Ernesto Melendez, minister of Foreign Investments and Economic Cooperation, Marcos Portal, minister of Basic Industries, and Osvaldo Martinez, minister of Economy and Planning, today.

Diplomatic sources and the Slovak Embassy in Havana agreed in emphasizing the importance of this visit, the first to Cuba by a European minister since the rise of that republic as an independent state in 1993.

The Slovak delegation visited the Center for Genetic Engineering and Biotechnology. The delegation will visit Havana's historical sites tomorrow before returning to Europe.

Foreign Trade Minister Meets British Business Delegation

FL0702182695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Feb 95

[From the "NTV" newscast]

[FBIS Translated Text] The British Business delegation, headed by Baroness Young continues its intense work schedule in Cuba. This morning, Baroness Young and the British executives who accompany her were met by Foreign Trade Minister Ricardo Cabrisas. Both sides concurred in describing bilateral exchanges as active with the goal of increasing economic relations between the United Kingdom and Cuba. Mrs. Young described the 0.7 percent growth of the Gross Domestic Product during 1994 as encouraging and said that it is a promising base for the sustained progress of relations with Cuba.

Baroness Young is accompanied by businessmen from the tourism, agriculture, maritime, transportation, medical equipment, banking, and finance sectors. Foreign Investment Minister Ernesto Melendez also met with Baroness Young. During the meeting they discussed the involvement of British capital in the island's economic opening process and its participation in several joint projects with the sugar, energy, pharmaceuticals, agriculture, biotechnology industries, among others.

In the afternoon, the delegation visited the Finlay Institute. Politburo member Concepcion Campa, director of the Finlay Institute, briefed the delegation on the production and research projects of several new vaccines and serums. Towards the end of the day, Baroness Young and her entourage met with Finance Minister Jose Luis Rodriguez and Francisco Soberon Valdez, President of the National Bank of Cuba.

(Philip Marlane), Ambassador of the United Kingdom to Cuba, was interviewed by this newscast on the possibilities of trade between the two nations:

[Begin (Marlane) recording in Spanish] I believe that the outlook for increasing cooperation is very good. There are many possibilities and we must work toward that. [end recording]

Rosales del Toro Tours Agricultural Farm in Holguin

FL0702182995

[From the "NTV" newscast]

[FBIS Editorial Report] Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT on 7 February report that Division General Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces, visited the Calixto Garcia Mambi Division along with Army General Raul Castro's entourage during his tour through the Eastern Army.

This contingent was created on 28 September 1994, and was deployed to arable lands surrounding the Holguin City. The division is made up of 1,955 men and women, who have been voluntarily mobilized for two years. The visitors dialogued with the agricultural workers and toured the fields that they planted in the fall and in the current winter. They observed the collection of boniato, pumpkin, and other products.

Rosales commented on the creation of the division and its accomplishments: "Comrade Raul's delegation has seen the planning and birth of this group and we have had the opportunity to see, today for the first time, the results that changed the vision we had of the lands in Holguin Province, months back. This causes great satisfaction."

The division is responsible for 243 caballerias and in the last trimester of 1994, they harvested 33,000 quintals of fruits and vegetables from existing crops and from crops that they planted. The harvest was distributed among the population of Holguin. In January, the harvest exceeded 20,000 quintals, which they hope to exceed in the coming months until reaching the 450,000 quintals, which is the contingent's goal for the year.

Approximately 70 percent of the assigned area has already been planted and the rest will be planted according to the planting calendar for each fruit.

Progress Reports on Sugar, Tobacco Crops Outlined

FL0702233495

[FBIS Editorial Report] Havana Radio Rebelde Network in Spanish at 1800 GMT on 7 February carried on the "National Radio News" program the following reports on the progress of the sugar and tobacco crops:

Importance of Fresh Sugarcane—Processing fresh sugarcane is a key factor in producing more sugar with less sugarcane. The Juan Avila Sugar Mill in Matanzas is having difficulties with the freshness of the sugarcane they receive. The problem lies in the length of time between the actual cutting of the cane and its delivery to the sugar mill. The sugar mill has been stable, operating at 90 to 100 percent of capacity, but the sugarcane is not yielding the desired quantity. Approximately 50 percent of the sugarcane that is received is cut manually by approximately 600 macheteros.

Quality of Sugar Harvest—The Cuban Workers Federation's 30 Aniversario del Moncada volunteer cane-cutting brigade has received many awards for its quality work. Ramon Gonzalez, head of that work force, commented that this year they are not aiming at achieving a high quantity per worker, but rather, high quality per worker. Gonzalez adds that this year's millionaire awards will be determined by quality, not quantity. When a brigade reaches 1 million arrobas of sugarcane, it must be 1 million arrobas of quality sugarcane.

Tobacco Crops in Granma—Two factors have caused a decline in Granma's tobacco sector: the lack of attention by the National Association of Small Farmers and other entities responsible for those crops, and the fact that many farmers stopped planting tobacco, seeking earnings from other products. Granma Province is interested in reactivating this crop. Hector Manso, deputy delegate of the Ministry of Agriculture's provincial delegation, comments that the Ministry of Agriculture has been working toward recovery of the tobacco crops. Manso comments that they have received national support in this effort and goes on to say: "Furthermore, we have taken measures to ensure that 100 percent of the necessities, such as fertilizers, fuel, pesticides, irrigation equipment, backpacks, etc., are met. All basic resources needed for tobacco production will be set aside for this. All those resources have been made available at the direction of the provincial delegation of the Ministry of Agriculture."

President Castro Attends Teachers Conference Opening

FL0702162495 Havana Radio Reloj Network in Spanish 1502 GMT 7 Feb 95

[FBIS Translated Text] Commander in Chief Fidel Castro is presently attending the inauguration of 1995 Teachers Conference at the Karl Marx Theater in Havana.

The approximately 6,000 foreign participants to the congress will discuss contemporary pedagogic issues in workshops, committees and round tables. Teachers visiting Cuba will be able to tour all levels of education centers, and to learn firsthand about Cuban reality.

Martires de Giron Polytechnic Institute began offering courses for teachers on education policy projections, theoretical problems in teaching, and Latin American education philosophy, on 6 February.

Raul Castro's Central Army Address

FL0402032195 Havana Cuba Vision Network in Spanish 0143 GMT 2 Feb 95

[Address by Army General Raul Castro, Cuban Communist Party Central Committee second secretary and Revolutionary Armed Forces (FAR) minister, to mark the opening of the Central Army's defensive training year at Santa Clara Air Base, Villa Clara Province, on 28 January—recorded]

[FBIS Translated Text] Dear Central Army comrades, guests, and the people of Villa Clara:

On such a day as this a century ago, Jose Marti, busy preparing for the new struggle, perhaps forgot that it was his 42d birthday. The letter which Juan Gualberto Gomez wrote that day reflects the commitment to restarting the struggle as soon as possible and the belief that the date should be decided in Cuba: The instructions outrage me, he tells me, but my rage is quieted by the fear of giving the impression that I want to influence whatever decision you make.

On the next day—29 January 1895—Marti signed the order to take up arms, but not before the second half of February.

This is how true patriots reacted when many believed everything was lost following the undoing of the Fernandina expedition. This is a common lesson in our history. Setbacks and difficulties immediately discourage the spineless: They either close their eyes and kneel and wait, resigned to being crushed, or, worse, assume the turncoat and cowardly attitude and tearfully and repentfully reach for the master's hand. On the other hand, the tough tackle obstacles head on and grow in their midst because they are convinced that it is possible to overcome them through sheer willpower and courage.

True revolutionaries do as Juan Almeida, the chief who founded this army, did 38 years ago when in the heat of battle in Alegria de Pio he responded to pleas to surrender with the energetic shout of no one surrenders here, followed by the virile expression we all know. [applause]

The Central Amy's soldiers and civilian workers, together with the entire fighting people of this region, have proven themselves worthy heirs of patriots who have invariably said: Yes, we can, before every obstacle, no matter how huge or difficult.

This was the first command that the FAR organized, on 4 April 1961, a few days before the Bay of Pigs invasion. As we said recently, it has been the most stable vanguard since then. [applause]

We conducted an exhaustive tour of this command, encompassing this province and Matanzas, in June 1994. We not only visited military units but also, as always, visited economic centers, social institutions, and communities. On that occasion, I and the officer and leaders who accompanied me left more convinced than ever of our people's inexhaustible supply of energy and intelligence.

War is the most complex phenomena humanity can face. This is why the preparation which guarantees victory is also extraordinarily complex and why one must commit to it body and soul. As has been said many times, in our case the goal of preparations for defense seek to prevent war by making it, as a result of our strength, so costly for the enemy so as to make it unaffordable and impossible. The success attained in this field has not been reached by chance but is the result of the dedication and systematic efforts of thousands of men and women 365 days a year to consolidate every step forward, every inch gained. This makes even more meritorious the results which the Central Army has been attaining, under the leadership of Division General Joaquin Quintas Sola...[pauses to allow applause] for several years in a row in every one of the FAR's main strategic tasks. This is expressed in the appropriate training of the regular and reserve forces and in the fact that 98 percent of its militiamen and 96 percent of Production and Defense Brigades members are qualified. In other words, their knowledge matches the missions assigned to them. This readiness became evident during the important maneuvers held last year, particularly during the Moncada exercise and the 38th FAR anniversary maneuvers—during which novel combat operations adapted to our conditions were put into practice—and, finally, during the inspection conducted by the Revolutionary Armed Forces Ministry [Minfar] in which the Central Army attained a good rating. [applause]

This is also expressed through military discipline, which has proved satisfactory. Sustained [words indistinct] and systematic of all those who must help strengthen it and marked by giving priority to education and preventive measures which ensure that sanctions can be avoided later. We have also seen results in efforts to preserve and maintain millions of pieces of equipment and weapons. FAR equipment is in better shape today than it has ever been thanks to these efforts, despite material limitations resulting from the procedures our specialists developed. We have also seen results in efforts to prepare the military theater of operations, particularly the 104-percent fulfillment of civil defense tunnel goals and the completion of the population's and soldiers' protection plans in the cities of Matanzas and Trinidad, as well as in Manzanillo and Santiago de Cuba in the eastern region. Villa Clara took first place among the central provinces on this important front. [applause]

A total of 154.9 million trees were planted in the Central Army regions in 1994. This is extremely important not only for the economy and defense but also for conservation purposes. The Central Army's engineering regiment took first place among these types of FAR units. Currently, all combat equipment in this region, as well as nationwide, is located in highly protective facilities. We continue to try to increase their strength.

The Pentagon knows that its so-called surgical strikes and technological superiority would not be able to dismember our resistance and that as the number of Marines and soldiers that they manage to land grows into the hundreds of thousands, the number of casualties would grow in a long war that would ultimately end with their defeat. This was the case in Vietnam. [applause]

The results of the Central Army's efforts can also be seen in the decisive front line of food production. The Army produced more than two-thirds of its own food in 1994. Examples of these Army achievements include the microjet plantain farm in Santo Domingo and the Corralillo military farming district, which uses the once fallow land of that large firing range. The Victoria de Santa Clara farm, near this city, is another example: A total of 73 caballerias of land that was recently covered with marabou weeds is now used to produce food. There is also AgroFAR, which plays a decisive role in producing the basic seeds needed by all FAR units and farming enterprises. These are just a few examples within this province. All this is done in the quest for higher economic efficiency, for lower costs, and for increased revenues. We want to decrease that portion of the national budget set aside for defense on a yearly basis and to be able to finance ourselves.

This is also the result of efforts and intelligence, as proven by the first place attained by this command in the Science and Technology Forum, in a year when every FAR command conducted meritorious efforts on this front.

This is also the result of an appropriate political and ideological training with the masses of soldiers and civilian workers. This allowed the region to also attain first place in the unions' emulation program and progressively improve the living conditions of the personnel in the units, enterprises, and military communities. An example of this is the work conducted in the community of this air base, whose residents—particularly its children—have made us experience unforgettable moments when we visited a few months ago. We have also been told that they are committed to becoming a model unit. It will be a close race because many of the communities I have visited also aspire to this status.

This is why it is not surprising that members of the helicopter regiment of the central brigade of the Antiaircraft Defense and Revolutionary Air Force surpassed their pledge of completing 20,000 hours of flight without any major accidents. There have been no accidents since 1987, despite the current material difficulties. [applause]

I remember that I encouraged them to reach 15,000 hours in 1988. When they reached that initial goal in April 1992, they joyfully told me so in a letter that also contained their new pledge to reach the 20,000-hour mark. I congratulated them at that time and told them I was convinced that they would also meet that goal. This is an extraordinary result. I offer my warmest congratulations. [applause]

All Antiaircraft Defense and Revolutionary Air Force units should follow this example. You have demonstrated that we can prevent serious accidents and save valuable lives with good training and, above all, lots of hard work and discipline.

You would think from what I have said so far that Central Army soldiers have an advantage over the other two armies' soldiers, but all of you know very well that this is not the case. The FAR and the entire country are lucky that the Eastern and Western Armies achieve similar results. [applause]

Our main commands have been taking valuable initiative since late 1994 to share their experiences. Eastern and Western Army officials met recently; a delegation from this army visited the Eastern Army just a few days ago and found that it is progressing well; the Eastern Army delegation attending this ceremony is currently on tour of this Army's territory. This makes it more difficult to keep track of who has taken the lead on different tasks. As they say in the sports world, they are generally photo finishes. It is not always a case of everyone being completely satisfied.

It is a big headache having to identify the champion of champions; however, the great satisfaction that is experienced outweighs the need for an aspirin. [Words indistinct] the FAR and national defense win. Certain difficult yet vital guidelines for maintaining and improving the FAR's abilities and combat-readiness during the special period have been realized thanks to responsibility, discipline, initiative, and the talents of our commands, the officer corps, sergeants, and soldiers of our armed forces. They are more revolutionary than ever. [applause]

The spirit of struggle and victory that is in each one of our units and military enterprises has made it possible.-..[pauses] Some examples of the orders that have been given: the 1995 defense budget alone should amount to 52 percent of the budget average between 1986 and 1990; funds obtained from the armed forces themselves should cover approximately 29 percent of that budget; all of this should be done without affecting, even in the slightest way, the armed forces' abilities and readiness.

That spirit motivated the Youth Labor Army [EJT]—led by its chief, Division General Rigoberto Garcia—to double the number of agricultural complexes producing for the national economy, the country, and the population in 1994. In other words, we doubled the number of agricultural complexes to 134 in 1994. The complexes are responsible for 20,200 caballerias and for producing more than 600,000 tonnes of produce for the national economy. It simultaneously enhanced its role in maintaining national defense. [applause]

The EJT no longer found it necessary to receive subsidies during this major effort: It had earned a profit of 6.5 million pesos for the first time in its 21-year history. Conserving resources, inheriting more than 5,000 administrative positions from civilian structures, and instilling discipline in combatants and agricultural workers made this possible. They should be able to incorporate 16 new farms and increase production to 750,000 tonnes this year. We can achieve this goal. [applause]

Even though we have yet to realize our full potential, our EJT's heroic deed—the youths sitting to the left, wearing blue pants and t-shirts, carried out this deed—has allowed us to build on the work of our armed forces, specifically on that of the Central Army. Even though we have yet to reach the levels we should already have reached, this has allowed for a noticeable increase in the use of acupuncture and other new therapeutic techniques and herbal remedies in Cuba. Many of the herbal remedies already serve as substitutes for more than 100 pharmaceutical remedies and have cured hundreds of thousands of people, including servicemen and civilians. This is one of the tasks of the special period, which is here to stay. The FAR is determined to be one of its main backers.

These are our combatants and workers, and this is our people. They are always ready to respond with the same determination that Marti expressed to Maximo Gomez when he informed him of the Yankee government's occupation of the weapons and ships obtained through enormous efforts. Marti wrote to the general: I will skip the idle lamentations and take a new path to immediately resume the work.

FAR members [words indistinct] all the way to the commander in chief, are convinced that this would not have been possible were it not for the people's decisive participation and the steadfast cooperation of the Party, the government, the Union of Young Communists, and mass organizations in every province.

We have used our defensive capabilities to dissuade the most powerful and aggressive military power on the planet. We have even been able to strengthen those capabilities even more, despite the special period. We all represent one people, capable of extraordinarily heroic deeds. [applause]

The Campanas de las Villas contingent's accomplishment is one example of this: It constructed that extraordinary embankment and road to Cayo Santa Maria. Another example would be the dedicated and efficient work of Caibarien Municipality. These are only a few examples of what can be done when we mobilize the masses' infinite potential and use scarce resources efficiently.

Villa Clara has carried out an extraordinary deed: Its infant mortality rate is eight per 1,000 live births, one point lower than that of the United States—the richest and most powerful nation on earth—where, in general, nine out of every 1,000 children die. The figure is several times higher among African-Americans and Hispanics than it is among Anglo-Saxons.

We can be proud of all these victories, especially since we achieved them in a year when the imperialists and annexationists used every weapon in their propaganda arsenal and reinforced their blockade around us. However, we also realize—in fact, the armed forces have realized for some time—our shortcomings and pay a great deal of attention to them at all levels.

I addressed more than 1,000 FAR chiefs and officers, Party and government cadres, and representatives of mass organizations on 5 March 1986, in response to Fidel's call for errors and negative tendencies in our society to be rectified. I presented a profound and critical review of all armed forces work and defense, in general. I began by taking responsibility before the commander in chief for all the deficiencies that we had at the time, however, the most important thing was not the rigor of the criticism back then but the practical attitude that FAR members—beginning with the officers all the way to the mass of soldiers and civilian workers—adopted regarding those fair pronouncements. They were willing and able to translate pride into hard work, meditated and systematic and aimed at solving problems. These are the results after nine years.

Today, we focus on our deficiencies rather than rest on the laurels of our victories. That is why in March, nine years after that critical review, we will take inventory on what was pointed out back then and determine how much more remains to be done. We can truly solve problems only by working systematically and consistently and by consolidating each step that we take. That is the path that we hope to follow, linking ourselves more than ever with our people and their communities. We hope to work on areas where much remains to be done, such as agricultural-livestock production, the sugar industry, social discipline, worker productivity, and the proper use of resources.

We know that many mistakes are still being made. We know that some officials still adopt attitudes that create new difficulties that add to the already existing objective difficulties imposed by the special period. Our Party cannot allow this and will do everything that it can to prevent it. Behind our people's exemplary attitude and the decision to take on sacrifices or anything that is necessary to save the revolution, there are those who comfortably fold their arms and await a miracle.

With the same determination with which we confront enemy aggression and the same energy with which we face the objective difficulties derived from the blockade, we must overcome the lack of systematization and overcome improvisation, indiscipline, bureaucratic attitudes, and the old mentality that blocks by inertia the development of initiatives and the development of the internal potential yet to be exploited. We must also confront with as much speed as energy the antisocial attitudes that jeopardize the population's tranquility and security.

I do not tire of repeating myself: We must avoid the we-cannot-do-it attitude and all those who cannot rise to the occasion. [applause]

When I say that beans are more important than cannons, I mean that production is decisive to national defense now more than ever. Armed forces employees are dedicated to doing all that is at our reach to elevate the country's results on this decisive front. That is why food and sugar production and the state of the economy, in general, will continue to be key to defensive readiness in any of their stages and in all units.

Comrades, this year is a special year for the Cuban people. Each day of 1995 marks the centennial of a fight, an exemplary sacrifice for the fatherland. A total of 100 years has passed since the Mambi's last battle for independence began. One century has passed since the death of Jose Marti, their genius organizer and ideologist and our national hero. We mark the 100th anniversary of the glorious Baragua uprising on 22 October, the invasion of the East-West during the last 80 days of that year, when the liberating army was positioned on the line between Matanzas and Havana, an unparalleled heroic deed in the history of our nation which made Gomez and Maceo two of the finest military figures of the 19th Century. [applause]

It is a year of homage and recounting and, above all, a year to ratify our commitment to our heroes and martyrs and to muster strength in their examples to continue our struggle. On this, the 142d anniversary of Jose Marti, his writings, an infinite source of wisdom, were summarized in the few lines to his very good friend the Mexican Manuel Mercado, with which we opened this ceremony. Those words are the most valuable inheritance that the apostle could have left us. That sublime instant of his fall in Dos Rios, guides us during this decisive period of the fatherland. Today we face a difficult struggle like that of Marti and the other patriots of the past century just as in every battle of our people. The march toward the ideal of independence and social justice that the heroes began has been long and difficult. We still have not reached all our goals. But in the last 36 years this struggle has had a radical difference. Ever since 1 January 1959 we have been, for the first time in history, the true owners of our destiny. [applause]

The dangers of the unipolarity that the North Americans' power currently represents, as Fidel would warn long before anyone could foresee such a great disgrace, is a terrible reality. Our main enemy tries to forcefully set himself up as a simultaneous judge and owner of all destinies. We know what it costs us to conserve our independence and our conquests under these conditions. We are aware that we must make enormous sacrifices and have sufficient valor to face great dangers. These are not just words. For years we have been suffering scarcity and taking risks every day. But after one tastes the flavor of freedom, after one knows what justice and a honorable life means, no honorable man or woman or anyone with principles would be willing to give up these things, even if their lives were at risk. There is no other alternative but to struggle. There is no other path than to resist and be faithful to our principles, even if it were only in respect for our glorious martyrs.

Our people are proud and confident, proud of their fortitude. We are aware that they will continue to attack us on every front, but we also trust in our capacity to mortally cut the throat of any aggressor as our glorious commander in chief has taught us to do. [applause]

That is why we will always shout out loud: Viva Fidel! [Crowd shouts: Viva!] Viva free Cuba! [Crowd shouts: Viva!] [applause]

Raul Castro Chairs Eastern Army Military Board Meeting

FL0402192895 Havana Radio Rebelde Network in Spanish 1800 GMT 4 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] Raul Castro Ruz, army general and Revolutionary Armed Forces minister, has chaired the first regular meeting of the Eastern Army's extended military board. Major General Antonio Jose de Sucre's 200th birthday is being celebrated during the meeting. Division Chief General Ramon Espinosa opened the Eastern Army military board meeting, delivering an address honoring Major General Sucre—the youngest and most talented and faithful servant of liberator Simon Bolivar. Correspondent Arnoldo Garcia reports from Holguin:

[Begin recording] [Garcia] After hearing a report by Brigadier General Urbelino Betancourt, second in command of the Eastern Army, Raul—who is also Cuban Communist Party Central Committee second secretary—stressed that it will be very difficult to select the best army in March considering the outstanding effort that the three armies have made daily to increase their preparation and defensive readiness.

Party first secretaries from the provinces read reports on the tense situation regarding the sugar harvest and their unshakeable determination to confront material shortages to reach this year's production goals. Jorge Luis Sierra, first secretary in Holguin Province—where this military board is being held—briefed participants on Holguin's economic activity and finances and the results of measures implemented to balance the internal finances. He discussed several ideas for increasing food supplies in that province, headed by the Mambi General Calixto Garcia agricultural contingent. Raul and his delegation received a detailed explanation of the achievements of this 2,000-member contingent in just four months.

[Castro] You can see their hard working spirit. They work as owners in the way the basic cooperative production units should be working. [end recording]

Guantanamo Conference To Address Immigration, Sovereignty

FL0702221695 Havana Radio Rebelde Network in Spanish 1800 GMT 7 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] The first international conference on the illegality of the Guantanamo Naval Base will be held in June. Lawyers, historians, political experts, researchers, and other professionals interested in the topic will be able to present their studies and views of the problems resulting from the illegal occupation of a portion of Cuban national soil.

The congress, sponsored by the National Cuban Lawyers Union and the Cuban society of international law, will help foreign and Cuban researchers of this topic exchange views in workshops, seminars, and roundtables. They will also have the opportunity to visit locations at the Guantanamo military base.

The conference will address such issues as the violation of Cuban sovereignty, the attack on the sovereignty of other nearby countries, the immigration problem, Guantanamo Naval Base, Cuba's compliance with the accords, and the situation of Cuban rafters.

Third Round of Efficiency Assembly Goals Announced

FL0602150995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 6 Feb 95

[From the "NTV" newscast]

[FBIS Translated Text] Pedro Ross Leal, secretary general of the Cuban Workers Federation [CTC], has stressed that the main goals of the third round of efficiency assemblies will be to boost sugarcane harvest and food production.

The CTC, based on experience acquired in previous assemblies, has reached a significant conclusion: Cuba will not be able to come out of the special period—despite other improvements—unless the sugarcane harvest and food situation problems are solved. Hence, they are the crux of the matter.

Ross' announcement that over $400 million will be granted to the Sugar Ministry to increase sugar production came during a meeting in Santiago de Cuba to prepare the cadres for the third round of efficiency assemblies.

Ross also noted the necessity to achieve stability in the agricultural sector work forces. He added that more information is needed because many people do not know how to incorporate into a Basic Cooperative Production Unit.

The efficiency assemblies will also present studies done on workers' contribution to social security.

Assembly Prepares for Economic Meetings, 1995 Sessions

FL0402165195 Havana Radio Rebelde Network in Spanish 0000 GMT 4 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] National Assembly of the People's Government [ANPP] and People's Government Provincial and Municipal Assembly delegates will support the third round of economic efficiency assemblies, which will open nationwide on 15 February. ANPP President Ricardo Alarcon told these government representatives that they must coordinate with the appropriate union movement leaders. In addition, people's councils will work closely with the administrative leadership and with the union sectors of work centers located in individual districts to ensure that delegates can participate in the economic efficiency assemblies. Alarcon's letter to the delegates adds that their participation in the assemblies should be considered an important activity, closely related not only to their responsibilities but also to efforts to find ways to increase production, work quality, and economic efficiency in their sectors and to strengthen ties.

[Radio Rebelde adds later in the program: "The ANPP will cover a lot of territory in 1995. Its main goal will be to promote participation in basic sectors of society. In addition to regular ANPP sessions on legal projects, there will be a number of meetings with deputies in provinces, municipalities, and work or study places. It was recommended during a recent meeting of ANPP permanent commission presidents that the important role that the people and their representatives play in adopting major decisions of national interest be highlighted."]

Havana City Party Plenum Analyzes 1994 Economic Results

FL0602025395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 5 Feb 95

[From the "NTV" newscast]

[FBIS Translated Text] Havana City's provincial Communist Party of Cuba plenum meeting analyzed 1994 results and deficiencies. There were increases in miscellaneous crop production, the number of organic orchards, and the farming sector's production; and 90 percent of the scheduled work force mobilization to Havana Province was accomplished

[Begin Esteban Lazo recording] Our economy and services grew, percentage-wise. We are talking about having hit bottom in certain sectors. Still, these levels are only half of what we had in 1989. [end recording]

The plenum pointed out that the main deficiencies were in the critical transport and telephone-service sectors. Last year, not all the agricultural land available for production was efficiently used, and low-cost housing construction and repair and maintenance of housing was insufficient. The plenum stressed the need to continue stimulating and focusing attention on teachers, who are facing a difficult period as they carry out an important task. Among others, the directives for 1995 include continuing work on increasing food production, improving the restaurant sector, and increasing refined sugar production at the Martinez Prieto complex. A great deal of construction is also expected to take place in Havana City.

Roundup of Politburo Members' Activities

FL0402183295

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored through 4 February.

PEDRO ROSS LEAL has said that agricultural work will soon flood the job market and will be among the best paying work in Cuba. Ross was speaking during a visit to Holguin Province. (Havana Radio Progreso Network in Spanish 1200 GMT 31 Jan 95)

PEDRO ROSS LEAL has attended an awards ceremony in Santiago de Cuba, in honor of the Lazaro Pena Brigade's achievements. He urged workers to maximize output while conserving resources. (Havana Radio Rebelde Network in Spanish 0000 GMT 4 Feb 95)

RICARDO ALARCON met Antonio Cafiero, an Argentine legislator, during Cafiero's visit to Havana City. (Havana Radio Progreso Network in Spanish 1200 GMT 1 Feb 95)

JULIAN RIZO ALVAREZ has highlighted the role that the Committees for the Defense of the Revolution (CDR) have played as guardians of the community. Rizo was addressing a meeting of Camaguey Province CDR cadres. (Havana Radio Progreso Network in Spanish 1200 GMT 2 Feb 95)

ULISES ROSALES DEL TORO has visited farms in Holguin Province tended by the Mayor General Calixto Garcia Division. Rosales said that the workers' spirit honors the division's namesake. (Havana Radio Reloj Network in Spanish 1502 GMT 3 Feb 95)

ABEL PRIETO has described the assessment meeting that the National Union of Cuban Writers and Artists held in Cienfuegos as a model of discussion. Prieto stressed radio's importance to spreading cultural knowledge: Although it can never replace reading, he said that it should not only spread information but also analyze and reflect upon it. (Havana Radio Reloj Network in Spanish 2030 GMT 3 Feb 95)

Roundup of Economic Developments

FL0302160795

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 3 February.

The Alfredo Perez Torula Yeast Factory in Ciego de Avila has become the first in Cuba to run on methane gas. The 5,000 meter-long pipeline, installed in record time, carries the gas from the boiler at the Cesar Redondo Agroindustrial Complex, which in turn receives it from the Pina oilfield, the newest and most productive in the province. Once fully operational, the pipeline is expected to reduce fuel costs significantly, reduce risk of contamination, and restart baking powder production to include quantities for export. (Havana Radio Rebelde in Spanish 1255 GMT 23 Jan 95)

Villa Clara Ministry of Construction has good prospects for 1995; will end receiving subsidies; and expects to obtain profits. Construction enterprises reported 26 million pesos in losses in 1993, which were reduced to approximately 7 million in 1994, and began to obtain profits since September 94.(Havana Radio Reloj Network Spanish 2047 GMT 25 Jan 95)

La Trocha preserve factory in Ciego de Avila Province has produced 1,000 tonnes of food in 1994, achieving its best production and efficiency so far, and generating 1.3 million pesos in profits. (Havana Radio Reloj Network in Spanish 2053 GMT 25 Jan 95)

Price inspectors of the Peoples Government in Holguin have imposed approximately 8,000 fines totaling more that 500,000 pesos for price violations. The main violations involved cheating customers by using rigged scales. (Havana Radio Reloj Network in Spanish 1504 GMT 27 Jan 95)

The division of the Caracol, S.A. chain which operates tourist stores in Cienfuegos and Villa Clara has reported sales of more than $2.5 million in 1994. (Havana Radio Reloj Network in Spanish 1508 GMT 27 Jan 95)

The Manuel Isla Agroindustrial Complex cutters battalion of Havana has become the first millionaire battalion. Its three brigades have cut 1 million arrobas during the current sugarcane harvest. The battalion of 215 cutters has reached 97 percent of its goal, with a cutting efficiency rate of 86 percent, and a per-man productivity rate of almost 450 arrobas per day. (Havana Radio Rebelde Network in Spanish 1255 GMT 30 Jan 95)

Havana's fish farming enterprises expect to capture 1,500 tonnes of freshwater fish, due to new technology and a fishing system used by the Chinese people, which calls for a large number of nets. These nets are currently available in Cuba. (Havana Cuba Vision Network in Spanish 0100 GMT 31 Jan 95)

The coffee harvest campaign to end soon in Sancti Spiritus Province has improved when compared with the 1994 campaign, exceeding the number of coffee cans collected by more than 100,000, however, the yield per caballeria is still below what could be achieved. Tropical storm Gordon affected the area, but opportune mobilizations of workers prevented losses. (Havana Cuba Vision Network in Spanish 0100 GMT 31 Jan 95)

The Lazaro Pena tobacco contingent in Havana received an award due to production accomplishments. Their goal is to produce 12,200 quintales, to guarantee raw materials to generate $40 million worth of tobacco products. (Havana Cuba Vision Network in Spanish 0100 GMT 31 Jan 95)

The Cuban Institute of Friendship with Peoples' delegation in Camaguey received medicine, medical equipment, and $1,000 in cash from the Argentine solidarity with Cuba group "Chao Bloqueo." This donation is to be used by the province's hospitals. (Havana Radio Progreso Network in Spanish 1200 GMT 31 Jan 95)

Throughout Cuba over 10,000 petitions have been made to receive mountain lands for growing coffee. To date, over 1,000 families have already moved to the mountains to grow and harvest coffee beans, one of Cuba's most important export products. The Ministry of Agriculture has already given out over 1,400 caballerias of land for coffee production. (Havana Radio Reloj Network in Spanish 1505 GMT 31 Jan 95)

Pinar del Rio Province has the largest forest reserves in Cuba, and will cut 24,000 cubic meters of wood in 1995. There are enough reserves for the next 25 years—over 600 million trees in the mountain area, due to strong reforestation efforts in the last 30 years. In addition, Pinar del Rio has been planting 40 million trees a year for the last 6 years. (Havana Radio Rebelde Network Spanish 1800 GMT 31 Jan 95)

San Cristobal municipality in Pinar del Rio has begun an energy program based on better utilization of local resources, especially residues from sugarcane industry and agriculture. San Cristobal expects to increase electric generating power in 30 de Noviembre and Jose Marti mills, and to begin operation in four biogas plants. (Havana Radio Reloj Network Spanish 2035 GMT 1 Feb 95)

Ciego de Avila Province has produced over 150,000 ornamental plants for export in 1994, using advanced biotechnology in vitro techniques. (Havana Radio Reloj Spanish 2037 GMT 1 Feb 95)

Alquizar municipality was in first place in trade and restaurant business in Havana Province in 1994, selling over 20 million pesos, and accruing over 2 million pesos in profits. (Havana Radio Reloj Network Spanish 2050 GMT 1 Feb 95)

A total of 104 caballerias of sugarcane have been planted in Matanzas Province to date as part of the spring planting campaign. (Havana Radio Rebelde Network in Spanish 1000 GMT 2 Feb 95)

France's Gavilan tourist agency and Cuba's Isla Azul tourist agency have signed an agreement to improve ecotourism in Baracoa. (Havana Radio Progreso Network in Spanish 1200 GMT 2 Feb 95)

The Arrocero agroindustrial complex, in Las Palacios Municipality, Pinar del Rio Province, collected 30,000 quintales of tomatoes during the first 15 days of the harvest. The tomatoes are destined for state collection centers in Pinar del Rio and Havana. (Havana Radio Reloj Network in Spanish 2037 GMT 2 Feb 95)

Granma Province is slightly behind in the sugarcane harvest efforts. To date, the province is behind the estimated amount by 2,000 tonnes of sugar. The province's sugarcane cutting averages, both manual and mechanical, are also behind schedule. Presently, 10 agroindustrial complexes are taking part in the sugarcane harvest in the province. (Havana Radio Rebelde Network in Spanish 0000 GMT 3 Feb 95)

The Cuban Institute of Friendship with Peoples has received a $1,000 donation from the Argentine solidarity with Cuba organization "Chao Bloqueo". (Havana Radio Rebelde Network in Spanish 0000 GMT 3 Feb 95)

On 2 February in Santiago de Cuba, a Cuban- Dutch joint enterprise named (Damex) was inaugurated. The enterprise seeks to develop Cuban shipbuilding. The Dutch company (Dame) and the Cuban enterprise (Acemex) integrate this new joint enterprise. The enterprise's immediate plans are to conclude the construction of a cargo ship and undertake the refurbishment of several tankers. (Havana Radio Rebelde Network in Spanish 0000 GMT 3 Feb 95)

Cuba's Gran Caribe tour operator enterprise has generated the influx in foreign currency of $103 million during 1994. The enterprise is presently running 30 hotels throughout Cuba and this number will increase during 1995. (Havana Cuba Vision Network in Spanish 0100 GMT 3 Feb 95)

Correction to Relationship Civilization, Xenophobia

FL0202131295

The following correction pertains to the item headlined "Relationship Between Civilization, Xenophobia Examined," published in the 1 February edition of the Latin America DAILY REPORT, pages 11-12.

Page 11, column two, please make subslug read: [Report on commentary by Susana Tesoro; from the "National Radio News"]...(supplying additional information)

Page 12, only paragraph, first and second sentences make read: ...a sacred obligation, writes Susana Tesoro. The lives of...(supplying dropped passage)

Correction to ANPP Secretary Urges People's Participation

FL0102193895

The following correction pertains to the item headlined "ANPP Secretary Urges Participation in Government," published in the 1 February edition of the Latin America DAILY REPORT, page 10.

Column one, first paragraph, first sentence make read-:...Ernesto Suarez, secretary of the National...(changing title from secretary general to secretary)

Column two, first paragraph, last sentence make read:...He advocated increasing district delegate's authority, who...(changing "subscription" to "district")

Haiti

Problems With Legislative Closure Described

FL0702123295 Port-au-Prince Signal FM in Creole 1230 GMT 6 Feb 95

[Passages in italics in French]

[FBIS Translated Excerpt] The closing date for the Legislature was 4 February, but the National Assembly session scheduled for that occasion was canceled because a quorum could not be reached. All the members of diplomatic corps, who were gathered as early as 1400 in the diplomatic lounge of Parliament, finally left after waiting until 1630 with nothing begun.

One of the reasons for the lack of quorum was a demonstration taking place outside Parliament, led by Father Amos Georges. Demonstrators shouted slogans hostile to the parliamentarians, as if telling them to go home without an official ceremony. Even President Artistide, who had been invited to address the National Assembly, did not show up despite the fact that the demonstrators were pro-Aristide, shouting such slogans as "President for Life," "the President Should Spend 33 Years in Power," and "Down With Phony Coupist Parliamentarians."

It should be noted, however, that the demonstrators were not very numerous, totaling about 50. One of the reasons for the demonstration was the deputies' proposal that priests and pastors be required to resign one year before participating in elections. [passage omitted]

Chamber of Deputies President Frantz Robert Monde held a news conference at about 1700, during which he assessed the work of the 45th Legislature. According to Monde, the deputies have not been understood by many of the country's sectors. He congratulated them for having worked so hard to provide the country with some laws. [passage omitted]

Another reason there was no National Assembly session was because Senator Rony Mondestin and Sen. Turneb Delpe refused to come into the National Assembly room, maintaining that the budget should be voted on in the Senate before a National Assembly session could be held. Otherwise, they said, their mandate would expire, and that once they went to the National Assembly session, they would no longer be empowered to vote on the budget.

Firmin Jean-Louis did not agree with the position of these senators and wanted the National Assembly session to be held regardless. He arrived in the session room, but there was no quorum for either the Senate or the Chamber of Deputies. The National Assembly session did not take place. The 45th Legislature is over.

So, according to Duly Brutus, there is confusion.

[Begin Brutus recording] Today there is major confusion in the Haitian Parliament, in the Haitian state. Perhaps today is the day for deputies to consider the consequences of the institutional vacuum. That is number one. Second, the fact that several parliamentarians could not enter the Parliament because of a demonstration caused several deputies to become much more concerned about the future of the country. As we say, it is a country without a democratic tradition. So this demonstration has given rise to the very concerns voiced in the Haitian Parliament. It is true that in light of the Constitution, the mandate of a parliamentarian cannot be extended. The legislators understand very well that their mandate actually expired as early as 9 January. But at the same time, the Constitution clearly states that the prime minister's legitimacy comes from the Parliament. If there is no Parliament, what will the legal force of this government be? The president does not govern. It is the prime minister's responsibility to govern. The third major point is that the Constitution clearly states that no power can forgo its prerogatives.

Here it is. It says: *Under no circumstances can one partially delegate or totally forgo its powers or escape the limits set by the Constitution or the law. Then there is Article 60, which says: Each power is independent from the other two in its powers, which it exerts separately. These are the legislative and executive powers.* So it is clear that there is a set of questions today in the Chamber of Deputies. What is also clear is that the deputies, out of national concern and to prevent the country's entanglement, worked uninterruptedly to approve the budget law because we believe that if this law is approved, the government and the country will receive a guarantee of financing, as it is a budget financed by more than 45 percent international aid.

The deputies were also concerned about voting for the electoral law. This causes them to consider yet another set of issues. Perhaps the straw that broke the camel's back was today's display of intolerance before the Parliament. All of this, they believe, challenges the fragile democratic balance that we have in Haitian society. These are the major concerns of the Chamber of Deputies. There was no quorum because the deputies' cars were covered with graffiti, and there were attacks in front of the Parliament. There were some, therefore, in the Chamber of Deputies, who were unable to be reached. I do not believe a quorum was reached in the Senate either. [end recording] [passage omitted]

Foreign Secretariat Rejects U.S. Border Fee Proposal

PA0802045795 Mexico City NOTIMEX in Spanish 0418 GMT 8 Feb 95

[FBIS Translated Text] Mexico City, 7 Feb (NOTIMEX)—The Mexican Foreign Secretariat today rejected the U.S. Government's proposal to increase the budget of the immigration services and establish a fee to cross the border.

"The charging of border crossing fees contradicts the original objective of the two countries to facilitate free and respectful exchange in the various areas of our bilateral relations," the Foreign Secretariat stated in a communique.

"The Foreign Relations Secretariat expresses its opposition to the possible adoption of a series of measures that would have an effect mainly on our citizens who constantly cross the border," the communique stated.

The measures, it added, would also "limit commerce and the tourism industry and, above all, would hurt the daily life of the residents of both sides of the border."

The Foreign Secretariat stated the Mexican Government desires to "strengthen border cooperation between the two countries and wants issues dealing with our territorial borders to be resolved without resorting to measures" that have an effect on relations.

The Foreign Secretariat's response came after U.S. President William Clinton presented to Congress a proposal to increase funds for immigration services and to establish a border crossing fee.

Senators: Proposal 'Discriminatory'

PA0702232795 Mexico City NOTIMEX in Spanish 0259 GMT 7 Feb 95

[FBIS Translated Text] Mexico City, 6 Feb (NOTIMEX)—Several senators have described a U.S. proposal to impose a fee on Mexicans crossing the border as discriminatory and unconstitutional, adding they will ask the Mexican Foreign Secretariat to adopt a "firm" position.

Jose Angel Conchello Davila, a member of the Senate Foreign Relations Commission, has said this initiative is another example of the ill will by our neighbor of the North toward Mexico, adding it counters the terms of the North American Free Trade Agreement.

During an interview at the Senate of the republic, the legislator said it also demonstrates that the United States only uses the treaty whenever it can profit from it, adding they are now rejecting legal as well as illegal workers just as they refused to include a chapter on labor issues.

"This point reflects obvious contempt toward Mexico. It is discriminatory and unconstitutional," the legislator of the National Action Party (PAN) has said.

He has said the PAN bloc will ask the chairman of the Senate Foreign Relations Commission to send a protest letter to the U.S. Government and will also urge the Mexican Foreign Secretariat to adopt a firm, serious, and forceful position rejecting this proposal.

Meanwhile, Ricardo Monreal Avila, a senator of the Institutional Revolutionary Party (PRI), has expressed his concern over the U.S. initiative of imposing a fee on Mexicans who enter its territory.

"I perceive (in this initiative) a hardening attitude on the part of the conservative sector in the United States with a view to closing the border, (and this act) would be a clumsy measure," the legislator for the state of Zacatecas has said.

He has said it is obvious the proposal, which includes a tax on legal and illegal Mexican workers, reflects police persecution and also coercion, adding Mexico must be careful about this point due to its implications.

Monreal Avila has said he will propose a meeting with the foreign relations secretary to ask him to establish, along with the Senate of the republic, a mechanism to prevent the violation of Mexicans' human rights.

I believe this issue should be a priority at the next Mexico-U.S. interparliamentary meeting and in the talks between the foreign secretaries of the two countries, and he added: "Let us hope neither the most obscurantist nor the most conservative sectors of that country will win."

Deputies Express Opposition

PA0802044795 Mexico City NOTIMEX in Spanish 0223 GMT 8 Feb 95

[FBIS Translated Excerpt] Mexico City, 7 Feb (NOTIMEX)—Today, Mexican deputies expressed their opposition to a proposal by U.S. President William Clinton to increase resources for the migration authorities as well as to establish a fee to cross the border.

This Tuesday, Senator Fernando Solana described as inadmissible the U.S. Government proposal to increase measures against illegal workers and to charge a fee for crossing the U.S. border.

Solana, who is also president of the Mexican Senate Foreign Relations Commission, condemned President William Clinton's proposal, because its implementation anticipates a witch-hunt against migrant workers and the ensuing violations of their individual rights.

Solana said "the Senate believes it is inadmissible that in a zeal to curb the entry of migrant workers, the individual rights" of those who have been an asset to the U.S. economy "will be violated."

Interviewed at the Legislative Assembly, Solana, who is also a former foreign relations secretary, said instead of an acknowledging their contribution, the situation of this migration group is becoming extremely difficult and could harm bilateral relations.

The Senate will request the Mexican Foreign Relations Secretariat to forward a diplomatic note to the U.S. Government urging respect for the individual rights of all migrant workers and an acknowledgment of the magnitude of their contribution. [passage omitted]

Alejandro Diaz Prez, secretary of the Chamber of Deputies Foreign Relations Commission, has rejected the U.S. Government proposal to establish a fee to cross the U.S. border.

The deputy believes such a measure would prompt a drop in commercial activity along the border and lead to an increase in the price of goods on both sides.

According to the deputy, the increase in the number of border agents, inspectors, and support personnel to detect illegal workers is excessive and will affect trade between cities along both borders.

Mara Robles Villasenor, the official from the opposition Party of the Democratic Revolution (PRD) responsible for international affairs, has said "these types of measures should surprise no one." It has been known for the past several days the United States has been determined to implement an aggressive program that would include massive deportations, Robles Villasenor added. [passage omitted]

Zedillo Discusses U.S. Financial Assistance

PA0702184295 Mexico City XEW Television Network in Spanish 0530 GMT 7 Feb 95

[Speech by President Ernesto Zedillo at the Iturbide Theater in Queretaro on 5 February on the occasion of the 78th anniversary of the Mexican Constitution; from the "24 Hours" newscast—recorded]

[FBIS Translated Text] We are here in Queretaro, bulwark of the republic, to honor the date on which the 1917 Constitution was promulgated. On 1 December 1994, I vowed to respect and ensure respect for that Constitution. I did this in compliance with the people's mandate and to serve the Mexican people with rectitude and with all my determination.

I proposed advancing in the economic, social, and political fields to develop a better country for our children. I proposed advancing on the basis of recognizing what Mexicans have achieved, but also by recognizing the magnitude of our problems. We knew that the days ahead would require great efforts, but we also anticipated immediate results.

Today, we must recognize that the country's economic and political conditions are very different from the ones most Mexicans on 1 December believed would prevail at the beginning of my administration. Those are possibly the most complex conditions any new government has ever faced. Today, it is clear that we will have to make greater efforts to achieve the goals I proposed to the nation on 1 December. The country will need great strength and unity to achieve those goals.

Today, I emphatically say that no one, and much less the president of the republic, should be discouraged by the magnitude of the task. I was elected president to serve all Mexicans, regardless of the conditions and problems the country must face. I assumed the presidency fully aware that this position is not for personal gratification. It is the most honorable and highest responsibility, which I will completely fulfill. All Mexicans can be sure that the greater the problems, the more dedication and faith in Mexico I shall have in my work. I will direct the voices and determination of millions of Mexicans who stand tall in the face of adversity; who do not waste their energy in bitterness, but instead work with determination to move ahead. I will lead those who lift their arms and spirit to overcome adversity.

Mexicans will not give up our efforts to build a fatherland of progress and justice for all. We know, however, that to make that possible, we must first overcome economic and political problems that have accumulated for several years and that emerged with force at the beginning of my government.

During the first weeks of my administration, a severe economic crisis ensued. It was necessary to face that crisis immediately. I decided to do it by telling the people the truth and making firm decisions. It was my decision to use all my energy in facing problems and not in protecting my personal popularity. [applause]

In the first few days of this year, it became evident that the economic emergency went beyond the mere adjustment of the current account deficit in the country's balance of payments. A serious instability developed in the financial and exchange markets, caused by an erroneous perception that our economy was insolvent. In the face of this risk, I did not hesitate to explain to the governments of our main commercial partners the dangers that the crisis entailed for the international economy. I particularly urged the U.S. President to have his country contribute with sufficient financial assistance to dissipate the fears of insolvency. We obtained a commitment for this assistance, but first we had to sort enormous difficulties. At all times, the negotiations have taken place with strict compliance with the principles that I pointed out were invariable, that is, the principles of respect for national sovereignty and the dignity of the Mexicans. [applause]

In due time and before our country formally acquires any commitment, the congress of the union will be able to verify that the assistance we have obtained does not affect at all the legitimate interests of the Mexicans. Likewise, at all times the economic assistance from the international financial institutions and from other groups were negotiated based on an economic program exclusively designed by the federal government, the productive sectors, and the congress of the union. I emphatically emphasize that the program was first agreed upon and announced in our country, and only then did we begin formal negotiations abroad for obtaining financial support. I also want to emphasize that nothing has been nor will anything be done behind the nation's back, and there are none nor will there be any secret commitments. [applause]

It is important to emphasize that this assistance will not represent additional debts for our country. This assistance represents the possibility of replacing what today is a short-term and high-cost debt with a long-term and low-cost one. It means security in the country's solvency, it means restoring certainty in the evolution of the type of exchange, and it facilitates reducing interest rates. We Mexicans are aware that to overcome the crisis and attain economic growth with stability and social justice will not depend on foreign assistance. Nobody will do for us what we Mexicans must do for ourselves. Only our work, our discipline, and our savings will allow us to get ahead.

Today, I ratify my firm commitment to the positive construction of democracy. Let us advance toward a new democracy, let us advance through a national dialogue for reforming power. We must wage a reform that will lead us to a presidential government with greater balance by the other branches of the state and by strict adherence to the Constitution. This reform must consolidate a republican system in which relations between the executive, legislative, and judicial branches are based on true autonomy. Through an unchanging respect, it must make the principle of division of power fully effective.

The reform must achieve a renewed federalism in which the states and municipalities grow stronger because of their ability to make decisions and effectively implement them for the benefit of their communities. The reform must ensure that electoral processes are always honest, competition is equitable, and its development leaves everyone involved pleased regardless of the results.

Those who link our willingness to hold talks and the strengthening of the legislative branch with a weakening of the executive branch are completely wrong. Actually, authoritarianism is growing weaker and our republican system, which calls for a division of branches, and our democratic life are growing stronger.

Let us start to build a new democracy without rancor and biases. Let us build a democracy for the integrity of the nation and for harmony amid plurality. We know that the path will be ardous and will demand a consensus that will be difficult to obtain. I am, however, certain that if we are united by a genuine democratic conviction, we will know how to build such a consensus.

Let us be clear abou this: This path cannot be opened through the eliimination of any party, and it cannot be cleared through the political extermination of our opponents.

I am encouraged by the fact that in all political parties and social organizations there are Mexicans who, regardless of ideology and affiliation, are convinced that establishing the new democracy is everyone's task. It is everyone's responsibility, it is and will be everyone's achievement.

Each and every one of them nourishes my democratic conviction that Mexicans will build a political order from which no one will be left out; in which we will hear the plurality of all voices. Each and every one of them invigorates my determination to build a democracy characterized by unity, a democracy characterized by certainty.

The political problem that most concerns Mexicans pertains to the conditions prevailing in the State of Chiapas since January 1994. Since I was a candidate to the presidency of the republic, I welcomed without reservation the demands of those enduring misery in Chiapas, enduring deteriorating living conditions that hurt the dignity of thousands of men and women, especially in Indian communities.

I have at all times reaffirmed my invariable commitment to deal with the very roots of discord. Those roots are poverty, exclusion, lack of opportunity and democracy, and injustice. I am absolutely convinced that dialogue and negotiation constitute the path to achieve a lasting solution and a dignified peace for all; a dialogue that will fully honor the political principles of the Constitution of the republic; a dialogue that will give priority to mutual respect and trust; a negotiation without biases by any quarters that will include all topics that genuinely concern all the parties involved; a negotiation that will promote a swift and efficient attention to the legitimate causes of discord.

The conflict in Chiapas represents a constant threat to public tranquillity, peace, and justice. It has also led to an acute deterioration of economic and social conditions of the population in Chiapas, especially of the most needy sectors and groups. Thus, from this podium today I urge the EZLN [Zapatista National Liberation Front] to openly, expressly, and resolutely choose the political path to make its demands known. [applause]

Mistrust is no longer a valid excuse to delay the talks. My conviction of peace and commitment to talks stand firm and have been borne out by the facts. I also urge those who have organizational and political ties with the EZLN to set aside their own interests and act in line with the supreme interests of unity and national harmony. I urge them to join the cause of peace and not to use the conflict to assume protagonistic roles that do not contribute to democracy or justice or a solution with dignity.

I am certain we will attain peace in Chiapas. In the short term, I will continue promoting dialogue and negotiations with the EZLN. I am confident they will be held very soon with all the elements involved. If the venues proposed do not make progress I will call a special session of the National Congress so that, within the framework of the new shared responsibility that is being forged between the executive and legislative branches, we can help find the most adequate alternatives to ensure a final solution to the conflict. [long applause]

Ladies and gentlemen: we are facing an economic emergency the seriousness of which could have been prevented through the timely adoption of measures to correct the imbalances that were dangerously accumulating. Economic problems grew worse due to political wrongs stemming from the insufficient progress of democracy and the limitations and weakness of our rule of law. Today more than ever, I am certain we will overcome all these challenges. We are going through a period that demands confidence in the institutions that emerged from the Constitution and our capacity to overcome each problem. We are going through a period that demands effort and perseverance and—most of all— unity. Today as always, we will move forward with unity and effort. That is why I am summoning all Mexicans to work together to overcome the economic emergency and advance promptly toward a growth that will yield employment and welfare. I am calling on all Mexicans to build together the foundations of a new democracy and a country of laws.

Advancing simultaneously on economic, political, and social matters may seem a monumental task, but with unity and effort we will do it. We will do so inspired by the example of generations that bequeathed us a fatherland of sovereignty and dignity. We are going to perform that task mostly to build a better country for our children. Today, from Queretaro, in honoring the charter issued here 78 years go, I renew the appeal for unity to all Mexicans. Thank you.

Secretariat Document Explains U.S., International Credits

PA0802003995 Mexico City REFORMA in Spanish 6 Feb 95 p A-25

[FBIS Translated Text] Yesterday, the Finance Secretariat sent a document explaining the extent and scope of the credits the U.S. Government and the international financial community have granted to Mexico. The preeminent points of the document are as follows:

Why did Mexico request international financial support?

The existing uncertainty in the financial markets and the accelerated growth in the current account deficit have worsened due to the liquidity crisis.

The support of the international financial community.

Credits to replace short-term domestic debt for long-term foreign debt:

The United States and Canada	$20 billion
Latin American countries	$1 billion
The IMF	$17.759 billion
European and Japanese banks	$10 billion
International commercial banks	$3 billion
Grand Total	$51.759 billion

For what will these lines of credit be used?

They will be used to withdraw Tesobonos [Treasury Bonds], as well as other short-term liabilities, and exchange them for long-term foreign securities.

What advantages do they have?

Debt service will cheapen, as dollar interest rates are much lower than peso interest rates.

The need for having to refinance the Tesobonos, all of which must be paid in 1995, at their maturity date is eliminated, because the instruments that will replace the Tesobonos will mature in five to 10 years.

A more stable climate is encouraged as the payment of the Tesobonos is guaranteed.

Why do the lines of credit not imply more indebtedness for Mexico?

Because foreign debt increases in the same proportion as domestic debt decreases; thus, the amount of total debt will remain unchanged. The public debt is being refinanced to obtain better terms and interest rates. We are not contracting additional credits.

How does the mechanism of guarantees work?

As the domestic debt matures, particularly Tesobonos, and as investors request their money back, the government will issue a new instrument using the foreign guarantee resources so as to be able to pay investors; therefore, domestic debt is paid off and then replaced by foreign debt.

How does the mechanism of payment to support the guarantees offered by the U.S. Government work?

Mexico has implemented since 1982 a mechanism of payment whereby the resources obtained from oil exports are deposited in the bank accounts Pemex [Mexican Petroleum] has at international institutions. This mechanism would operate only in case the Mexican Government is unable to pay off the credits granted by the U.S. Government (this situation has never occurred).

In case this unlikely event happens, the United States would be compelled to pay to the bank or banks what Mexico was unable to pay them. Once the debt is paid off, the U.S. Government would proceed to obtain the resources deposited in Pemex accounts to recover the amount of money it had to pay.

By using these lines of credit, what is the new structure of the total public debt? (in billions of new pesos)

Before the Replacement	Following the Replacement
(December 1994)	(December 1995)
DOMESTIC DEBT	
will decrease as the Tesobonos mature and investors request their payments in dollars.	
167.8537	76.1363
FOREIGN DEBT	
will increase in the same proportion domestic debt decreases.	
454.9456	546.6630
TOTAL DEBT	
The amount of total debt will remain unchanged.	
622.7993	622.7993

Source: Finance and Public Credit Secretariat

PRD Leader Cited on Granted Lines of Credit

PA0802012895 Mexico City LA JORNADA in Spanish 3 Feb 95 p 8

[Report by Mireya Cuellar]

[FBIS Translated Text] Porfirio Munoz Ledo, national leader of the PRD [Party of the Democratic Revolution], has said the lines of credit granted to Mexico, primarily by the United States, constitute only a financial "break," and thus there could be an even more serious crisis in the short term if the current economic model is not substantially changed.

He has said "I have not yet managed to understand the position of Mexican technocracy," adding Mexico should take advantage of the "tequila effect," which could provoke a crisis of the entire international financial system, to establish a firmer position before the Washington Government and multilateral organizations.

He has explained that Clinton has said "this is not a Mexican problem but a U.S. problem; therefore, it is we who should be establishing the conditions. Who are they solving problems for with these credits? The United States. They are solving a financial crisis of major proportions. They are not doing Mexicans a favor."

Munoz Ledo added the government needs to make a new proposal to the international economic community. It must take advantage of a Group of Seven meeting the last week of May, because this group must understand that the economic model they have applied in Mexico is exhausted and that this was only an extension of the same crisis.

Giving the Mexican crisis an international scope, Munoz Ledo has claimed it is the product of a neoliberal model promoted by the United States and its allies during the years of the Cold War, and it is "absurd" for them to seek the extension of a model which no longer has any reason to be "and which is only impoverishing the countries of the region."

On the migration issue, he has said this problem is not going to be solved through police measures. The problem will not stop as long as growth in the countries south of the border continues at minus zero. "If we become careless, the end of the century will be one characterized by prejudice, social class struggles, and the only way to stop it will be by reforming the international economic system."

According to Munoz Ledo, we have the means in our hands. "Mexico has a degree of negotiating leverage such as it has not had in many years. We are the ones who should demand changes in the economy and not accept any preconditions. This crisis is a world one stemming from an outdated model that was applied in Mexico in an institutional manner."

Take Advantage of the Respite

The PRI leader has advised President Ernesto Zedillo to take "the time and the respite" to solve the country's political problems now that he has had his "financial breathing space," unless it continue to "poison" the environment.

He called attention to the perils of a "feudalization" of power in the country, where "everyone will feel entitled to defy the federal pact."

Munoz Ledo has reiterated that the political negotiations table "is inactive" and that the situation will become even more difficult if no progress is made by the time the Jalisco elections take place.

Bank of Mexico Receives $7.725 billion From IMF

PA0802004895 Mexico City XEW Television Network in Spanish 0430 GMT 7 Feb 95

[From the "24 Hours" newscast]

[FBIS Translated Text] At 1500, I received a bulletin from the Bank of Mexico announcing it would receive $7.725 billion from the IMF during the day. At approximately 1920, I spoke on the telephone with Mr. Fernando Turrent, press chief of the Bank of Mexico, to ask him whether they had received the funds. He said: We have received them; nearly $8 billion are already in Mexico and constitute part of the Bank of Mexico's international assets.

World Bank Grants $265 Million Loan

PA0802045895 Mexico City Radio ACIR Network in Spanish 0000 GMT 8 Feb 95

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] The World Bank has announced a $265 million loan to Mexico. The money will be consigned to the operation of the Normalized System for Competition and Labor Certification.

Secretariat Authorizes Branches of Foreign Service Banks

PA0802004795 Mexico City XEW Television Network in Spanish 0430 GMT 7 Feb 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Today, the Finance Secretariat announced it authorized the establishment and operation in Mexico of two branches of multiple service banks, the Bank of Tokyo and the Bank of America. It also authorized the operation of three insurance institutions, four financial underwriters, and three financial agencies that are also branches. These new institutions represent approximately 568 million new pesos in direct foreign investment.

[Mexico City NOTIMEX in Spanish at 0225 GMT on 7 February in a Mexico City-datelined dispatch provides the names of some of the authorized insurance and financial firms: "Zurich Chapultec, Zurich, Windsor Insurance Company, GE Capital Corporation, Associates International Holdings Corporation, Ford Credit International Incorporated, and Caterpillar Financial Services Corporation."]

'Rebel Government' Resumes Civil Resistance in Chiapas

PA0702190295 Madrid EFE in Spanish 1724 GMT 7 Feb 95

[FBIS Translated Text] Tuxtla Gutierrez, Chiapas State, 7 Feb (EFE)— Chiapas State's "rebel government" resumed today its civil resistance with land takeovers and kidnappings of two officers and a policeman to demand the resignation of Governor Eduardo Robledo Rincon. The "rebel government," headed by Amado Avendano, who ran for governor for the opposition Party of the Democratic Revolution (PRD), today announced that civil resistance actions are going to resume in view of the lack of commitment by those involved in the armed conflict to strive for peace in Chiapas.

Chiapas' Federal Judicial Police reported the kidnapping of Commander Joel Farrera Garcia, who was captured in Tuxtla Gutierrez, 700 kms southeast of Mexico City, by alleged PRD members.

Farrera was kidnapped on Monday while driving a patrol car south of Tuxtla Gutierrez on the highway leading to San Cristobal de las Casas.

The police reported that during the course of the investigation on Farrera's kidnapping, six persons were arrested and that although the patrol car was located, his whereabouts are unknown.

The state government also reported the kidnapping of two officers who are apparently being held at the National Indian Institute building in San Cristobal de las Casas, 800 kms southeast of Mexico City, where Avendano has installed the seat of his "rebel government."

A Chiapas government spokesman said the conditions to obtain the release of the officers are the intervention by the National Mediation Commission (Conai), chaired by Bishop Samuel Ruiz, and the release of six peasants arrested last Saturday in an eviction operation.

Chiapas PRD Secretary Gilberto Gomez announced new measures in this phase of civil resistance, and, although he declined to specify them, he did not rule out the takeover of public buildings and blockage of highways.

The PRD has challenged the results of 21 August's elections that gave the victory to Governor Eduardo Robledo, whose mandate the Zapatist National Liberation Army (EZLN) is also challenging.

Robledo pointed out that political will must be sought to ensure that the demonstrations of dissatisfaction help to create the conditions for peace in Chiapas.

He also stressed that penalties will be imposed to punish crime in cases of violence or violation of the law.

Meanwhile, several peasant organizations continue to occupy lands and farms, as part of the civil resistance activities, despite the violent evictions that have taken place in the past.

On Monday, militants of the Emiliano Zapata Peasant Organization (OCEZ) occupied a 750 hectare plot in Chiapa de Corzo municipality, near Tuxtla Gutierrez, for the second time.

Police violently evicted the occupants last weekend, when 22 people were injured and six were accused of illegal occupation and obstructing public streets.

The second occupation features a larger number of people than before, when it was believed 55 families illegally occupied the lands.

A group of militants of the Emiliano Zapata Proletarian Organization (OPEZ), armed with sticks and machetes, occupied two lots in the town of Suchiate, on the Guatemalan border. The police evicted them shortly thereafter.

Since the beginning of the armed conflict in Chiapas, in January 1994, Indian farmers and peasants have staged a wave of land invasions, demanding that the government grant them land to work and overcome the extreme poverty conditions in which they live.

Senators View Zedillo's Call for Session on EZLN

PA0802023895 Mexico City Radio ACIR Network in Spanish 0000 GMT 7 Feb 95

[Report by Juan Carlos Escobedo; from the "Evening News Panorama" newscast]

[FBIS Translated Text] Senators of the PRI [Institutional Revolutionary Party], PAN [National Action Party], and the PRD [Party of the Democratic Revolution] have said it was beneficial for the president to call for a special session of the commission to evaluate the Chiapas situation but, they said, not to discard a peaceful solution to the problem.

The plural commission of legislators for the negotiation on and the agreement in Chiapas will travel to Chiapas on 7 February to meet with the protagonists of the conflict, representatives of armed groups, and Conai [National Mediation Commission] to foster the negotiations.

Heberto Castillo, coordinator of the plural commission, said today the president's proposal is welcomed, but he said it is disquieting there are ultra-extremist voices—that is how he described them—within the two groups still asking for a military solution. Castillo said the EZLN [Zapatist National Liberation Army] should not object to the venting of all issues, including the violations of the agreement, if any, at the negotiations table. He also voiced his concern over the EZLN's silence on the calls for negotiations made by the government of the republic:

[Begin Castillo recording] My only [word indistinct] is that there is no will to discuss the problems. There is some internal problem that does not [word indistinct]. What concerns me is that any incident is being used now to impede the negotiations, and if there are issues that are of interest to one side or the other, then why do they not sit down and talk? [end recording]

PRD Senate Coordinator Hector Sanchez believes the commission should give a report to the Senate so that the Senate might, in keeping with its faculties, without the intervention of the executive branch, determine whether there is governability in the state of Chiapas. He has said the president has delayed in making Congress a participant in the solution to the problem in that state:

[Begin Sanchez recording] He is delaying, isn't he? He is delaying, because the situation of nongovernability in Chiapas corresponds to the Senate of the republic taking over the case, determining the level of nongovernability, and proceeding from there [words indistinct].

On the same issue, Luis Felipe Bravo Mena, former PAN senator and a member of the plural commission, has said the president's convocation was pertinent so Congress would become more involved in finding a solution to the problem. Bravo Mena has said he believes an armed solution to the conflict was discarded long ago in Latin America. He has agreed with PRI Senator Ricardo Monreal in that regard.

Monreal has said the president's words should not be taken as an ultimatum for the use of force:

[Begin Monreal recording] As a PRI legislator, I would not wish it. I believe in politics and that the distension will be achieved through a political and pacific way. Of course, the state has its instruments to guarantee, in some way, peace and social equality, but I repeat, I personally would not agree with the [words indistinct] [end recording]

Indian Convention Meetings, Concerns Noted

95CA0108A Mexico City LA JORNADA in Spanish 18 Dec 94 p 5

[Article by correspondent Rosa Rojas]

[FBIS Translated Text] Tlapa, Guerrero, 17 Dec—The National Indian Convention (CNI) today approved a plan to oppose repression not only in the event that war breaks out again in Chiapas but also because of the violence of which communities in Oaxaca, Guerrero, and Hidalgo have been victims and because of the "militarization of indigenous regions."

On the second day of activities at the CNI, which has brought together here some 300 delegates from 50 or so Indian organizations, the participants asserted that extreme poverty in indigenous regions is not a problem of development nor is it caused by the culture of ethnic groups; rather, it is a political problem stemming from the lack of democracy and a deliberate government policy to marginalize Indian peoples.

There was consensus among the delegates on the need for a nationwide campaign for the autonomy of Indian peoples, including a national program of comprehensive, sustainable development for indigenous populations. Autonomy and the right to self-development ought to be included in the constitution, which now excludes Indian peoples.

A decision was made to declare the CNI in permanent session, inasmuch as it is an integral part of the National Democratic Convention (CND), and to call a national congress to establish a pluralistic national Indian organization. This organization will undertake to draft an alternative project for development.

It was also decided that the next session of the CNI would be held in Juchitan, Oaxaca on 24, 25, and 26 February, with the Labor, Peasant, Student Coalition of the Isthmus (COCEI) acting as host. Another decision was to promote a national campaign of indigenous and peasant rallies during the second half of March and the first half of April, including a national march on 10 April to the Federal District.

Among the demands that this march would push are modification of Article 27 of the constitution; a new section of the constitution on the rights of indigenous peoples, and a solution to the agrarian backwardness of Indian communities and peasant organizations.

Indians from Oaxaca, Morelos, Veracruz, Chiapas, Hidalgo, Michoacan, Tabasco, Sonora, the State of Mexico, the Federal District, Campeche, Queretaro, and Guerrero participated in the working committees.

In the committee on autonomy, Martha de Jesus Caballero, from the 500 Years of Resistance Guerrero Council (CG-500), demanded that the CNI embrace the Revolutionary Law of Women of the Zapatist Army of National Liberation and call for indigenous women to be afforded the same opportunities in culture and education as men.

Laura Manzano, a Zapotec Indian from the northern Oaxaca highlands, said that women are not being allowed to hold office. Juana Maria Ruiz, from the San Cristobal Women's Group, talked about the state women's conventions in Chiapas and gave the CNI the document entitled "Women, Peace, and Democracy. Democracy Begins at Home."

The document states that the term "democracy" cannot be restricted to politics but must apply to all spheres, beginning with the home and daily life, for example to ensure that women have the same decision-making power as men (husbands, fathers, and brothers) in public and private matters.

"We must insist on a democracy that guarantees the inclusion of our demands, our rights, our spaces, and the conditions that will enable us to participate actively," it adds.

It calls for assessments of the status of women, their needs, grievances, and degree of subordination so that specific actions commensurate with local needs can be planned in the medium and long term.

It proposes that "in the practices and customs of all cultures, both ladino and indigenous, all of the rights, liberties, and powers of women in political, social, labor, and cultural terms be acknowledged and respected." It also proposes that discrimination against women by authorities and private individuals be made a crime.

In the field of health care, it calls for comprehensive services for women that take into account the real needs of the reproductive-age population and recommends that attention be paid to sexually transmitted diseases and AIDS in birth control programs.

The document also asserts that a woman's right to choose motherhood of her own free will should be respected and guaranteed; that the definition of crimes of domestic violence and sexual harassment should be broadened and made more explicit; and that father-daughter incest and other similar relations between parents and offspring should be defined as rape with aggravating circumstances.

In addition, it says that equal inheritance and land rights for women should be promoted and that coercion in birth control should be severely punished.

For his part, Marcos Matias, from the Pluralistic Group of Indigenous Organizations, submitted a proposal for the creation of the National Council of Indian Peoples and Organizations (CNPOI) as a representative of Indian peoples vis-a-vis the government and national society. The proposal was criticized, however, because members of PRI belong to the group.

Antonio Hernandez, from the State Council of Indian and Peasant Organizations (CEOIC) of Chiapas, asked: "Will the PRI members who belong to it be willing to walk alongside the Chiapas rebels? Because we are in rebellion."

Alvaro Vazquez, from the Juarez highlands in Oaxaca, emphasized that the most important thing for a national Indian organization is to have the assembly appoint its leaders, as in indigenous communities, and to have a continuing rotation among these leaders.

Martin Equihua from the CG-500 said that "no structure should be decided on." "Let us remember the National Democratic Convention, which has turned into something that has gradually drifted away from a representative organization." He noted that the decision to take action must be based on an assessment of one's own strength, in contrast to the CND, which decided that on a certain date "all of the towns in the country would be taken over, and none was."

The CG-500, Equihua emphasized, is prepared to unite "with the organizations that are willing to back up actions with their strength."

Leopoldo de Gyves from COCEI called on the CNI "not to become an arena for political struggles in which one faction seeks to impose its views on the others, as is happening in the CND, which is what is paralyzing it."

Castillo Replaces 7th Military Zone Chief

PA0602163995 Mexico City XEW Television Network in Spanish 0430 GMT 3 Feb 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Changes were announced in the 7th Military Zone, which includes Chiapas. General Miguel Angel Godinez concluded his tour of duty as 7th Military Zone chief. That zone also includes Oaxaca and Tabasco States and part of Veracruz State. General Mario Renan Castillo Fernandez replaces Godinez.

Zedillo Comments on Armed Forces' Honor, Loyalty

PA0602202195 Mexico City XEW Television Network in Spanish 0430 GMT 3 Feb 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo said on 2 February the Army is an institution of and for peace with profound roots in the Mexican people. At a breakfast with retired military personnel, the president said the entire nation is proud of the Army's distinctive characteristics of honor and loyalty:

[Begin Zedillo recording] Throughout its spotless and meritorious history, many generations have contributed their vigor, discipline, and even heroism to our Army in the endless task of preserving and upholding the nation's essential values. [end recording]

National Defense Secretary General Enrique Cervantez Aguirre, who also spoke at this function, said the Army owes loyalty and subordination to the supreme commander of the Armed Forces at all times:

[Begin Cervantez recording] The difficulties you have been faced with raise our solidarity and commitment to your patriotic and fruitful efforts. [end recording]

President Zedillo was accompanied by the Army High Command during the breakfast held at the National Defense Secretariat General Directorate of Manufacturing [Direccion General de Fabrica].

Supreme Court of Justice Elects President

PA0602151795 Mexico City NOTIMEX in Spanish 0558 GMT 2 Feb 95

[FBIS Translated Text] Mexico City, 1 Feb (NOTIMEX)—Today, the recently approved Supreme Court of Justice (SJC) began new sessions with the election of its president, giving continuity to President Ernesto Zedillo's reforms.

Following two days of secret internal consultations, the 11 SCJ ministers unanimously elected Vicente Aquinaco Aleman as president. The Senate approved, for the first time ever, the 11 ministers appointed by Zedillo.

During the session, which lasted only 20 minutes, the SCJ plenum voted to officially elect the jurist as its president in front of magistrates and judges of the various judicial circuits of this Latin American country. Aguinaco said in his inaugural address: "We have the hope that we have been entrusted with starting a new stage in the federation's judicial branch, and we are committed to work with independence, assiduity, and studiousness, disregarding pressures."

"We have had to work during a stage of transformations demanding the updating of old concepts, the renewal of old systems, and the modifications of traditional practices," he added.

The magistrate admitted the recent constitutional reforms of the justice system mark the beginning of a new era in the administration of federal justice.

In addition to Aquinaco Aleman, the SCJ also includes Juventino Victor Castro y Castro, Juan Diaz Romero, Mariano Azuela Guitron, Olga Maria del Carmen Sanchez Cordero, and Sergio Salvador Aguirre Anguiano.

In addition, there is Genaro David Gongora Pimentel, Jose de Jesus Gudino Pelayo, Guillermo Iberio Ortiz Mayagoitia, Humberto Roman Palacios, and Juan Nepomuceno Silva Nieto.

El Salvador

Calderon Sol Comments on Minisummit, Issues

PA0302193395 San Salvador Radio Nacional de El Salvador Network in Spanish 0200 GMT 31 Jan 95

[News conference by President Armando Calderon Sol, upon returning from a minisummit among the leaders of Central America, Panama, and Belize, and the prime minister of Canada, with domestic reporters at the El Salvador International Airport in Comalapa on 30 January—recorded]

[FBIS Translated Text] [Unidentified announcer] News conference by Dr. Armando Calderon Sol upon returning from Costa Rica. The first question is by Alexandra Serrano, Teleprensa Channel 33.

[Serrano] Good afternoon, Mr. President. We understand that sustainable development and the possibility that Canada might become an extraregional partner were discussed at the meeting. We would like to know what conclusions were reached and what commitments were made; this is the first question. Second, we would like to know about the economic plan. Have the other Central American leaders reacted for or against your plan? We would like to know if this subject was broached and whether you have gathered any impressions, let us say, from the Central American presidents.

[Calderon Sol] Yes, thank you very much. I want to say we held a long meeting with the Canadian prime minister during which he expressed Canadian support for sustainable development in Central America. Canada has clearly stated it is willing to consider preferential and special treatment for Central America until we can join NAFTA, the free trade agreement between Canada, the United States and Mexico. We could attain and enjoy the same benefits as Mexico, through a special system of benefits, until that happens. We will have to continue discussing this action, which has the approval of the Canadian prime minister, and following up on it.

The prime minister also expressed interest in the region as far as investments in tourism, mining, and other sectors in which Canada could help as a partner in the region's development. We can also say that Panama—I beg your pardon—Canada supports all Central American efforts to consolidate our democratic processes and peace in that wonderful effort by all of Central America to reconcile the Central American family.

We see that Guatemala is the last nation involved in an open peacemaking process and is seeking agreements. Canada is pleased and supports that seeking. Canada has also demonstrated support for the Salvadoran peace process, supports the process, and is willing to continue its support of the process.

Moving on to the other question about the Central American leaders' position on the economic plan, I can tell you with great satisfaction that there is much support for the Salvadoran economic plan. It is greatly admired. The economic plan is so coherent that the majority of the Central American economic groups accepts it.

Criticism exists, because certain nations simply cannot follow it, and they stay behind. They stay behind due to their deep economic problems, large fiscal deficits, a lack of economic growth, and negative reserves. Certain Central American countries do not have any, or have very little, monetary reserves. They fear the nation's resolve when faced with El Salvador's strength and commitment to globalization and economic development. The plan itself is not criticized but, rather, admired.

What we have to do is to find goodwill in them as well. The other Central American economic teams will continue talking with the Salvadoran economic team this weekend in Guatemala City, where all economic teams will convene. The heads of state will meet on Contadora later. We will meet after the economic teams have finalized their discussions, and we can then reach final agreements.

We have also opened up our position. We are open to dialogue with Central America. We are not interested in keeping our distance from Central America but, rather, in being in close company of Central America. Our interest has been clear, and the fact we are steadfast defenders of Central American integration and of unity and the efforts we have been making in this regard all along have been stated in Central America and at Central American integration meetings. We also hope for a gradual restructuring of tariffs and believe this situation could reconcile the interests of all the Central American nations.

In any event, the economic plan will be announced to the nation via a national network on 2 February; that is, at 2000 hours on 2 February of this week. The tariffs problem will remain pending, because it will be a gradual process, and Central America has agreed to discuss this gradual process. The goal, Central America's objective, is to also enter the world economy, the globalized economy.

[Serrano] What countries are for and against it?

[Calderon Sol] Most of the countries are eager to back it. Guatemala has a stronger economy and, therefore, has less problems in assuming this position. Honduras, as we all know, is having problems. Nicaragua has problems, and Costa Rica also has economic problems, but we also have to see what kind of adjustments can be made to the Central American economies so that El Salvador can receive a succession of clear answers. Thus, I would answer that we cannot say this country or that other country, because we do not have their final reply yet.

[Announcer] Manuel Burgos, of the "Canal Seis Television" newscast.

[Burgos] Good afternoon, Mr. President. You say the economic program has Central American support, but what about here at home? The domestic business sector has not budged from its position and has made many observations about it, for example, on the custom tariffs.

[Calderon Sol] The private sector will also be present on 2 January. I believe we have covered all the sectors; we have heard each of them. The Presidency has called labor unions, the private sector, technical groups, associations. We have consulted with them, because our government, as we have said, is eminently a democratic one. It is a government that works openly and faces the Salvadoran people. We have heard their opinions. We have taken into account the suggestions and criticisms of the political sectors. We have taken into account and incorporated the [words indistinct] presented by several sectors. I believe the Presidency has made a habit of not calling to say: This is the program, and it will be implemented. We say: This is the program. What are your suggestions to improve or modify it? This is precisely what we have been doing. We have collected all those suggestions and positions.

We know that it is a good, coherent, and clear program and that it will help us achieve the objectives we want for the country. It will generate jobs and well-being for Salvadorans. It will bring investments to El Salvador and economic growth. It will generate welfare for the poorest people in the country. This program has required work and demonstrates everyone's effort. That reason is why we believe, we are certain the program will be well accepted by all the sectors, because we have listened and continue to listen to all the sectors.

I urge you to be attentive on 2 February. We will announce the program on that day, and this program will put an end to all the doubts which have been circulating during the past days and which have generated a few adverse reactions or misunderstanding. We thought, however, it was best to listen to all sectors before we announced the program, even if it triggered expectations and fear. This method was better than not listening to the entire sector. This is our style of governing, openly and facing the Salvadoran people.

[Announcer] Genaro Lopez, of LA PRENSA GRAFICA.

[Lopez] Good afternoon, Mr. President. Do you know whether the Army will be sent to the streets as on 27 January, when it was called to guard the Legislative Assembly? Many sectors, primarily the opposition, are against this action, but it is a [words indistinct] too, because [words indistinct] a number of demonstrations, because nothing has been resolved for the gentlemen of the [word indistinct] and the former National Police. [Words indistinct] the Army go out to control those disorders?

[Calderon Sol] We have clearly stated.... [pauses] It has been amply recognized that the situation has been handled with a great deal of wisdom. I believe we have handled this situation, which is dangerous for the country and the peace process, with much wisdom, very wisely. We have [word indistinct] the Salvadoran people's reaction and, as we have had in the past, they have backed our democratic institutionality. We have seen that all the sectors have defended the institutionality of the state, democracy, and the state of law, and this is how we will carry on. We will continue defending and preserving the spirit of national reconciliation. That reason is why we call all sectors not to allow themselves to be manipulated, not to resort to violence in voicing their demands and to find peaceful means to do so. We have stated this point and called them to heed our call.

I have clearly stated that public security is in the hands of the National Civilian Police [PNC]. As long as the PNC is capable of dealing with an incident, it will be in charge. I would like, in the short term, to equip the PNC with the modern instruments and weapons that are required for the dispersion of certain types of violent demonstrations. As I have said, they should have the appropriate weapons to disperse such demonstrations. They should know how to handle tear gas and rubber bullets, and they should have modern equipment to combat such demonstrations, a point regarding the PNC.

The Army is there and will be there for other actions and will be summoned only if I, your servant, see the PNC is unable to deal with a situation or if it declares itself incompetent, as the political constution states. We must guarantee the Salvadoran people's lives and property.

You know that Armed Forces troops were sent to the Legislative Assembly at the behest of the deputies. You know that the events at the Assembly were very violent, very unusual, and totally irrational. The Assembly employees and the deputies as well were frightened, and they asked not only for the PNC, which was already there, but for the Army. They wanted the Army to come peacefully, to just put in an appearance. This reason is why I authorized the deployment of Army troops, but this deployment is not customary. The normal thing for us to do, what we will clearly do is have the PNC deal with public order situations in our country. This action is what I will take, in accordance with the political Constitution. Unless circumstances warrant otherwise, the Armed Forces will act only in support of the PNC, as the Constitution states.

[Announcer] Here is Antonio Mineros, of "The News."

[Mineros] Good afternoon, Mr. President. The hidden hand you mentioned last week following the actions conducted by the Association of Demobilized Armed Forces Members [Adefaes] for the leadership of the Farabundo Marti National Liberation Front [FMLN] was discharged officers who still maintain some control over demobilized members. Your government has managed to conduct investigations [words indistinct]. The FMLN has said investigating this matter is not their concern but, rather, that of the state's intelligence organizations. I would also like to ask you whether you have heard anything from General Corado, because he said last week this case would be analyzed thoroughly.

[Calderon Sol] This case is not under investigation, and I have not received any information yet on the hidden hand or who is behind this entire situation. We know from conjectures and simple political analyses that someone must be behind these actions. This point is not a secret in our country. A mass mobilization such as this one, including people from Adefaes, the transportation sector and the countryside, and all these transportation expenses require a high level of organization and a mastermind.

Antidemocratic groups must be involved in these actions. There is no other explanation, considering our country firmly supports freedom for open and pluralistic debates, expression, political parties with different ideologies to form and participate, and the separation of powers. In other words, there is no reason for an action such as the one we have witnessed to take place in our country. We believe this action is unusual, and that reason is why we believe there is a hidden hand behind this matter.

We will continue with the investigations, but we do not have any special or specific results to disclose thus far. If any information were available, we would begin the investigations and act in keeping with the laws of the Republic to punish these people.

[Announcer] Here is Carlos Dominguez, of Maya Vision.

[Dominguez] Good afternoon, Mr. President. Many sectors have argued the government has only given partial information regarding the hidden hand behind these destabilizing actions. We have seen that parties such as the FMLN, which has traditionally been opposed to the government, have offered their support along with other political institutions to government actions. All political parties uphold and agree there is a conspiracy under way to undermine the democratic process.

Many speculations have emerged from that argument on the reasons why the government is not giving total but, rather, partial information. What would happen if investigations conducted by the State Intelligence Organization or other [word indistinct] institutions uncover that discharged soldiers or others are involved? How far will your government's resolve go to unmask and dismantle a movement of this type, which opposes the peace process?

[Calderon Sol] If these people were military members, it would be easier to deal with them, because the military is subject to military discipline, the armed institution, the political Constitution and the law of the Republic. I have not given names, because I do not have any. If I had them, I would have disclosed them and would have taken proper action against these people.

What I can tell you—and you have said this yourself—is that there is a coincidence. The political parties themselves and all the sectors agree that a conspiracy is under way and that a hidden hand is involved. We are conducting the investigations, and if we have not disclosed any names it is because we do not know them. If you have any information, I would be pleased to receive it.

I urge all Salvadorans, everyone, to defend our democratic process, the peace that has cost us so dearly, and the national reconciliation process. These achievements belong to all Salvadorans. We cannot retrace our steps. We cannot betray our values nor betray Salvadorans. I am obligated to defend the democratic process and to investigate this situation, because we will act against all antidemocratic and antisocial groups.

[Moderator] Here is Edwin Gongora, Canal Doce, with the last question.

[Gongora] Good afternoon, Mr. President. A few minutes ago, you said the Army could be called if the PNC does not produce the expected results regarding public security. The Army was already extensively used at the Assembly on 27 January. Does this imply the executive has no confidence the PNC can continue its work as the guarantor of security and believes it must resort to the Army?

[Calderon Sol] This is not the case. I trust the PNC. The PNC has made remarkable efforts, and we must further support it with equipment and new technology. As president of the Republic, I also have another responsibility. I have the subsidiary capability, as commander in chief of the Armed Forces, to have the Armed Forces intervene in the event of public disturbances should the PNC lack sufficient means or the necessary capability. In light of the threat to the deputies, who waited to (?hold) a session, we decided to call the Armed Forces. We have categorically stated, however, the PNC is the guarantor of public order. We support the PNC; we are providing it with all the necessary means and will furnish it with more equipment and more technology to enable it to face actions of this type.

[Announcer] [Words indistinct] between Ecuador and Peru?

[Calderon Sol] We believe the Peru-Ecuador conflict is very regrettable. A declaration was issued in Costa Rica in the wake of this situation urging the two nations, both Peruvians and Ecuadoreans, and the governments to stop the violence immediately, to implement a cease-fire, to allow other organizations in keeping with international law to settle any problems, and to allow the OAS, the American forum, to intervene and seek a peaceful solution to this skirmish between Ecuador and Peru. Thus, we have categorically stated our position regarding this situation, and we urge the two nations and the two governments to implement a cease-fire at once and to seek a peaceful solution to their problems.

Editorial Views 'Weaknesses' of Economic Plan

*95P20472 San Salvador PROCESO in English
18 Jan 95*

[PROCESO editorial titled: "The Government's New Economic Adventure. Published by the Central American University's Center for Information, Documentation, and Research; received via Internet]

[Text] The government is trying to sell its new economic plan as if it were a sure path to development, but it is impossible to hide the fact that implementing it would require certain measures which will harm the people. According to the government, the promised plan will make the myth of economic development a reality. The president of the legislature called it "revolutionary." However, the plan implies sacrifices. Thus, the government is asking us all to make a sacrifice together, even though we do not all sacrifice equally, nor do the greatest benefits befall those who sacrifice the most.

At first, President Calderon presented the plan to private enterprise and the political class, but he did so in such a way that it looked more like reporting to them what he would do than consulting with them. Now, the legislature does not need the opposition's support in order to pass the measures which require legislative approval, and has already named the Minister of the Treasury as one of the authors of the plan. However, after the plan was met by feeble enthusiasm on the part of the private sector, the president was forced to tell everyone he was only collecting opinions and suggestions, supposedly in order to take them into account later on.

The new economic plan represents explicit acknowledgment that the previous program, based on the promotion of exports, did not produce the expected results. Salvadoran exports did not grow as hoped, and the gap between exports and imports has increased steadily. This means that the Salvadoran economy is living off of foreign resources, mainly family remittances, donations and loans.

The government's new economic adventure is based on that truth, and thus one of its cornerstones includes the almost three million dollars which flow in daily from Salvadorans living abroad. The administration hopes to use this flood to attract more dollars in order to turn El Salvador into a service-oriented economy, one which sells cheap labor power, abandoning agriculture and industry to their fates, since they did not respond to incentives as expected. Thus, the plan largely rests on the availability of dollars. First the plan would resort to the dollars sent by Salvadorans who work in the U.S., and then, theoretically, there would be dollars flowing in from foreign investors. For the time being, the remittances appear to be a sure thing, but will not go on indefinitely unless the migratory flow to the U.S. keeps up.

This is one of the chief weaknesses of the plan: no one knows what will happen in the medium term, and these economic plans are for the medium term. Basing one's expectations on incoming dollars is a shaky proposition. Mexico just used up a year's worth of foreign currency reserves in one week in order to shore up the peso. The U.S., Canada and Europe certainly moved quickly to rescue Mexico, but El Salvador is not Mexico.

The architects of the plan want to make El Salvador a tax-free nation. Their obsession is to turn El Salvador into another Hong Kong, Chile or Korea. However, they consciously ignore the history of Hong Kong; they act like they do not know that El Salvador lacks the natural resources of Chile and that the Salvadoran military did not do what Pinochet did; and they apparently forget that Korea pumped up its competitive standing based on greater productivity and human development. The authors of the plan appear to believe that economic measures can be applied anywhere out of context.

Despite governmental demagogic language promising development and a higher standard of living, the plan does not directly benefit the vast majority. It is a modified version of trickle-down economics. First the glass must be filled to the brim, then whatever runs over will go to the average folk. But the glass will never become full. The implementation of the plan will place greater pressure on the urban and rural poor, and on small and micro business. Survival will be increasingly more difficult, and emigration to the U.S. will continue to be a promising solution—as well as a source of new dollars to feed the plan.

A careful study shows that the plan is too hasty. Before implementing it, tax revenues must be increased. Less than 50 percent of taxes due are collected, and those who owe the most taxes and those who would reap the greatest benefits from the plan are those who pay the least. Furthermore, the plan suffers clear signs of improvisation, because data and analysis are lacking to uphold the measures and accurately project their economic as well as social consequences. Even the National Association of Private Enterprise (ANEP) is wondering out loud—and not all that rhetorically—what use growing economic indicators are if they merely generate social instability. For that very same reason, the government's explanations are unconvincing. Even the private sector, always willing to increase its profits, has been cautious about supporting the government's proposed plan.

This plan is merely an adventure in that it depends more on the ideas of a tiny group of economists than on a rigorous analysis of national reality. These are economists who wish to try out their theories on El Salvador, believing that they have finally found the path to long-awaited development. Except for them, no one dares to predict what kind of results the plan might bring. To embark on this precipitate and improvised adventure is no proof of audacity and courage, but rather of stupidity and irresponsibility.

If the plan fails, the consequences could be catastrophic. And the chances of its failure are greater than of its success. If the previous administration failed with its plan based on exports, what makes this administration think this new, hastily improvised plan will succeed? Of course El Salvador urgently needs economic and social measures to eliminate growing poverty, but the measures proposed by the Calderon administration are not the appropriate ones, far from it. If these measures are put to work, President Calderon will fail to meet any of the chief promises he made upon taking office.

Panama

ARI Issues Bulletin on Transfer of Properties Used by U.S.

PA0802031295 Panama City EL PANAMA AMERICA in Spanish 6 Feb 95 p A-10

[FBIS Translated Text] The high school in Coco Solo and Forts Davis and Espinar, currently used by the U.S. military, will revert to the Interoceanic Region Authority (ARI) this year. According to an ARI news bulletin, Cristobal High School, located in Coco Solo, will revert next August and the Forts Davis and Espinar in September and October, respectively.

The transfer of Fort Davis, which covers 1,650 hectares, to Panama will be made on 1, 15, and 29 September. That base has retail stores, a grammar school, a sports field, family housing, a golf course, and a gymnasium.

Fort Davis, covering 140 hectares, will revert to Panama on 3, 27, and 30 October. The area has an aquatic recreation area, a chapel, a 19-room motel, a produce store, a bowling alley, a pool, a gasoline station, family housing, and a grammar school with 21 classrooms, among other facilities.

The bulletin added the ARI will sell 22 buildings located in Fort Espinar through bids so they can be turned into apartments for Atlantic zone middle-class families.

The private sector will carry out this project at a cost of $20 million, the reason why the ARI will establish a reference framework for its development.

Government Creates Canal Transfer Commission

PA0802031395 Panama City EL PANAMA AMERICA in Spanish 6 Feb 95 p A-8

[FBIS Translated Text] For the purpose of achieving an orderly transition, without interferences, of the Panama Canal and its areas, the government has created the Transition Commission for the Transfer of the Panama Canal.

The Commission held its first meeting recently. The tasks of the new organization include assisting and informing the president and the foreign minister of matters pertaining to the 1977 Panama Canal Treaties and their annexes and the Permanent Neutrality Treaty. The directors chosen during their first meeting were Emanuel Gonzalez-Revilla as its chairman and Augusto Zambrano as its secretary. The members also took the first step in coordinating the plans and activities of public and private institutions for the transfer of the Canal areas. The other members of the Commission are: Fernando Cardoze, Moises Mizrachi, Jorge Eduardo Ritter, Eloy Alfaro, Adolfo Ahumada, Samuel Lewis Galindo, and Juan Antonio Stagg.

It was also reported this Commission, born out of the existing interest to receive the waterway in perfect shape and operating condition, will work in conjunction with the Panama Canal Commission.

President Cited on Entry Into Andean Pact

PA0802022295 Panama City LA ESTRELLA DE PANAMA in Spanish 6 Feb 95 p A-1

[Report by James Aparicio]

[FBIS Translated Text] Panama's entry into the Andean Pact will open the doors for integration into the Common Market of the South (Mercosur) and will reinforce our entry into the North American Free Trade Agreement (NAFTA), which would be translated into investments and employment in the next five years, President Ernesto Perez Balladares said yesterday.

"With the Andean Pact and later Mercosur, we will have greater South American investments in Panama and access to a great market," Perez Balladares told LA ESTRELLA DE PANAMA. The Andean Pact is comprised by Colombia, Venezuela, Bolivia, Ecuador, and Peru and represents a market of approximately 100 million consumers.

"The Andean Pact and Mercosur are good for us and will bring advantages to the people and lower the cost of living," he said. Mercosur, which came into force in January, paved the way for tariff and trade unity among Argentina, Brazil, Paraguay, and Uruguay, which will be able to trade thousands of products and consumption goods tariff free.

Costa Rica, a neighboring country also hoping to enter NAFTA, implemented a free trade agreement with Mexico in January. Approximately 79 percent of Costa Rican products will be able to enter Mexican markets with tariffs that will gradually drop in the next five years in categories ranging from 4-15 percent.

Perez Balladares said the Foreign, Planning and Economy Policy, and Finance and Treasury Ministries will assess the impact of joining the Andean Pact. The official decision will be announced in one month, he added.

"Once we officially join the Andean Pact, we will go after Mercosur, because there are no disadvantages, and we are supplementary economies," President Perez Balladares said.

The Andean Pact countries, which participated in the Bolivarian Countries Summit in Cumana, Venezuela, last week, were invited to join that pact.

Minister on Investigations Into Assassination Plot

PA0802003095 Panama City Circuito RPC Television in Spanish 2300 GMT 6 Feb 95

[Report by Abdiel Antonio Gutierrez; from the "RPC Television News" newscast—passages within quotations recorded]

[FBIS Translated Text] The investigations into the plot to assassinate the Panamanian president have not produced proof:

[Government and Justice Minister Raul Montenegro] "It is probable no concrete evidence against them will be found."

The government and justice minister has reported that seven sergeants have been returned to their homes in Chiriqui. No evidence of their participation in the alleged plan has been found three weeks after it was announced there was a plot against the president:

[Montenegro] "These individuals, who have been evaluated by the Directorate General, will be sent on vacation and will be assigned afterward to police duties, wherever Director General Oswaldo Fernandez, assigns them."

Meanwhile, six officers will remain under the custody of the Public Force, but they will be able to wear their uniforms inside the facilities:

[Montenegro] "This is a result of our responsibility. The human rights of all the members were and will be respected at all times."

The National Police director has announced 27 changes in strategic positions in that institution. Alexander Basich, chief of the Chiriqui Police area, was sent on vacation. His next post has not been disclosed.

[Fernandez] "Subcommissioner Basich is taking the vacations to which he has a right and which he had already requested."

[Unidentified Reporter] "Where will he go afterward?

[Fernandez] "I do not know; that matter will be decided when he returns from vacations."

There is no evidence or individuals directly implicated in the plot against the president. The unbelievers suggest the government should admit it was mistaken, given that no evidence has been found about the plan to assassinate the government leaders. The government and justice minister has said that this point is not so, that the difference in this case is that this matter involves the president's life. The district attorney does not rule out the veracity of the government and justice minister's statement but has insisted he never received evidence to arrest anyone:

[District Attorney Rogelio Arosemena] "Unfortunately, sufficient evidence has not been found to establish the existence of the crime and the links of the members of the National Police."

The plot against the president was discovered through intelligence reports that do not constitute full proof.

Argentina

Ecuador's Duran-Ballen Holds News Conference

PY0702175795 Buenos Aires CLARIN in Spanish 7 Feb 95 pp 24, 25

[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen insisted in Buenos Aires that, in the undeclared war against Peru, his country "is the one being attacked; it is not the aggressor." During a news conference at Government House, he said: "All the places where fighting is taking place are in Ecuadoran territory."

Surrounded by an entourage of about 10 people, who accompanied him during his meeting at noon on 6 February with President Carlos Menem, Duran-Ballen is making dramatic visits to Brazil, Argentina, and Chile, the three Latin American countries that together with the United States are the guarantor countries.

Government sources have said the Ecuadoran chief of state wants the mediation that failed in Rio de Janeiro be taken to the presidential level, a move that seems doomed to failure.

Duran-Ballen merely said that this is not his intention. He justified himself by saying he "has the right to consult with the chiefs of state of the guarantor countries."

The Ecuadoran president said he wants the conflict with Peru, which is now 2 weeks old, to be resolved soon because it would mean "peace in Latin America." But the matter seems to have escaped from his hands.

"I am only outlining my country's viewpoint," he said convincingly, but it is up to the mediators "to make the parties reflect on what is best."

The question that had to be asked was why was no agreement reached during the negotiations in Rio de Janeiro. They were indefinitely suspended on 6 February because Ecuador asked for more time to analyze the proposal of the guarantors of the 1942 Peace Treaty, better known as the Rio de Janeiro Protocol.

Although he did not explain the objections of either country regarding the project of the guarantors, Duran-Ballen pointed out what could be the most conflictive point: "The Rio de Janeiro protocol cannot be implemented because the geographic reality is that the borders that are still unmarked."

He thus referred to the valley of the Cenepa River, a tributary that is Ecuador's outlet to the Amazon River and which Duran Ballen does not seem willing to give up to his neighbors, the Peruvians. For the Ecuadoran president, this why "there is still no final document containing a definitive, just, and acceptable solution."

Shielded by a moderator, whose formal prose interrupted some very embarrassing questions "due to the matter of time," Duran-Ballen did not reveal his government's position regarding the withdrawal of troops from the conflictive area, which today is Ecuadoran territory, but which Peru has been claiming for 50 years.

He also did not speak about the answer that he got from President Menem or his Brazilian colleague Fernando Henrique Cardoso (with whom he met last night), although he did say that both made "great efforts toward seeking peace."

Duran-Ballen left Government House at 1600 [1900 GMT] on 6 February to seek peace—or maybe a more favorable agreement. He left for the metropolitan airport, from where he departed to meet with Chilean President Eduardo Frei in Santiago.

During his news conference and just before departing, Duran-Ballen made at least one point clear: If the conflict with Peru benefits him within the internal political sector, he is not responsible because he did not start it.

One explanation that was discussed about the dispute between these two Latin American countries is that the fight is not over territory but over internal political problems facing each of their political leaders.

Duran-Ballen's image on the balcony of his Government House, facing a multitude that applauded him, reinforced these suspicions as did the increase in the popularity of his Peruvian colleague, Alberto Fujimori, who is up for re-election in April 1995.

"In the case of Ecuador I would have to flatly deny it," Duran-Ballen said, "because my country did not start this conflict." He added: "I personally have not mixed this conflict with the internal political situation. If Peru has done so then that country's president must be asked."

PJ Launches Menem-Ruckauf Ticket at Mar del Plata Rally

PY0702005295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1132 GMT 5 Feb 95

[FBIS Translated Text] Mar del Plata, 5 Feb (NA)—During the official launching of his presidential candidacy on the PJ [Justicialist Party] ticket together with his running mate, Carlos Ruckauf, President Carlos Menem stated that the PJ "is certain to be the winner" in the upcoming 14 May elections. He criticized opposition candidates because "they just keep talking, but do not come up with any solutions."

Addressing a party rally held on the promenade, Menem emphasized: "Some have already ruled the country, and did not do it well; others want to rule the country, but lack proposals because they do not know what is happening in Argentina or in the rest of the world."

The party rally staged on 4 February to launch the PJ slate lasted for less than an hour. According to figures provided by the Buenos Aires Province Police, 70,000 people took part in the rally, whereas PJ campaign managers reported that 80,000 persons were present on the promenade.

Menem began his speech at 2120 local time, stating that this was not "just another address, but rather a review of the history Argentines have written over the last few decades."

To that effect, he said that 1989 "was not an easy year for the PJ" because "we had just emerged from a defeat, but the people encouraged their leaders to get back on their feet."

"When push came to shove, it was imperative to change the course of history. At that time I told Argentines: 'Follow me, and I will not let you down,'" he stressed.

Menem termed the rally to launch the PJ presidential ticket that he heads "a real and sincere meeting, a party full of affection, fondness, and love." He explained why he had rejected the idea of holding the rally indoors, such as at Costa Salguero [in Buenos Aires].

"I want to be with the people, in the street, without hiding anything. After five and a half years in office it is difficult to gather a multitude. It would have been easier to deliver a message on television," he pointed out.

Menem added: "When one talks to the people in a simple manner, one never loses face. This is why the PJ held a rally in this beloved Mar del Plata." He stressed that "even though inconsequential opponents may regret it, they will not be able to stop our march toward the year 2000."

"This path upon which we have embarked is not a bed of roses. It is full of thorns that prick us and make us bleed, but we will gradually eliminate them," he promised.

Menem also noted that during the electoral campaign "there will be no offenses or slander against people of the opposition." He emphasized, on the other hand, that the PJ "would respond with deeds."

The rally began shortly before 2100 with the showing of a short video on the PJ's history between 1945 and the current administration. The video was shown on five-meter high screens mounted on both sides of a rostrum assembled on Patricio Peralta Ramos Avenue, with the sea behind it.

Fireworks were displayed as the ruling party ticket reached the rostrum. The rally was formally inaugurated with Ruckauf's speech, in which he harshly criticized the opposition.

In an sarcastic comment, Ruckauf said: "I would like to talk with Radical Civic Union [UCR] candidate Horacio Massaccesi because I am Menem's second in command, and he is UCR president Raul Alfonsin's second in command."

Ruckauf also criticized Grand Front leader Carlos "Chacho" Alvarez, noting: "Weaklings are not suited to run the state." He said: "When the laws allowing the current transformation were approved he pretended absentmindedness, and now says he repents."

Ruckauf noted: "Now that the laws for the development of small and medium-sized enterprises need to be approved, the UCR and the Grand Front are looking the other way."

Ruckauf compared Menem with former President Juan Domingo Peron, noting that Justicialism "changed history twice this century: in 1945, when Peron established justice, and in 1989, when Menem became president amid inflation, chaos, and a slump."

The PJ ticket's launching rally was closed with another round of fireworks shortly before 2200, as Menem and Ruckauf greeted the governors, legislators, and government officials on the rostrum.

YPF, British Gas To Carry Out Joint Falklands Explorations

PY0702013295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1410 GMT 6 Feb 95

[FBIS Translated Text] Buenos Aires, 6 Feb (NA)—The Argentine oil company YPF [Government Oil Deposits] has joined British Gas to carry out joint exploration for resources in the Malvinas Islands exclusion zone, YPF President Jose Estenssoro said.

The Brazilian company Petrobras [Brazilian Petroleum Corporation], which is considered one of the best in exploring for oil in deep seas, could join the group, although nothing firm exists on this possible association.

The idea is to explore the exclusion zone offshore from Rio Gallegos and north of the Malvinas. It was reported in journalistic circles that revenues would be shared equally between Argentina and Great Britain.

Estenssoro told a Buenos Aires daily that contacts with British Gas started in 1960, 22 years before the Malvinas Islands war.

The two companies have scheduled for next month an official announcement on their joint efforts to explore for underground resources, following a meeting between high-ranking Argentine and British officials on the subject.

The local oil company and British Gas purchased—for nearly $2 million—the documents on seismic activities in the zone prepared by an international consulting company at the end of last year.

Some experts are skeptical about finding any underground wealth, and although not ruling it out altogether, they stress that a lot of money will needed to exploit it.

Besides announcing the association with British Gas, Estenssoro confirmed that YPF is thinking of purchasing Petroperu and the Bolivian company YPFB [Bolivian Government Oil Deposits], both undergoing privatization processes.

The businessman said these oil companies have an estimated value of between $1 billion and $1.5 billion.

Foreign Ministry 'Annoyed' Over Venture

PY0802004795 Buenos Aires CLARIN in Spanish 7 Feb 95 p 10

[Article by Daniel Santoro; copyright by CLARIN]

[FBIS Translated Text] The Foreign Ministry is annoyed and very concerned over an announcement made to CLARIN by YPF [Government Oil Deposits] President Jose Estenssoro about an oral agreement with the company British Gas to carry out oil exploration activities in the waters surrounding the Malvinas Islands.

A high-ranking official source explained to CLARIN that Foreign Minister Guido Di Tella had frowned upon the remarks made by Estenssoro, because they give "the impression of an imminent agreement between the two governments, which is not the case." The government believes that the negotiations to establish a legal framework for oil exploration will take "one year."

Given this situation, the foreign minister will explain that the oral agreement between two private companies—such as YPF and British Gas—and the negotiations between the two governments "are being conducted at different levels," so as not to raise triumphant hopes among the public shortly before the 14 May elections.

The Argentine negotiators are also concerned because Estenssoro's sudden announcement breached a commitment made to the British to keep a low profile for the negotiations, so as to prevent the Kelpers from again blocking the possibility of reaching an agreement, as they did in November.

After an informal two-day meeting last week, Argentine and British diplomats expressed "reasonable optimism" over the possibilities of reaching an agreement after the negotiations had been mired down for months. During the meeting, an agreement was achieved on a schedule for complex working meetings to begin next month.

During these meetings, experts from the two countries will discuss the legal, energy, ecological, and political points of an Argentine idea that reportedly involves grouping the six areas of the Argentina Program into a single area. The six areas lie 200 nautical miles off the mainland and north of the area controlled by the British. Another key idea of this project involves the two countries simultaneously calling for a public bid, following one of the alternatives considered, which was inspired by a similar agreement achieved between Australia and Indonesia.

The Foreign Ministry's concern is also based on various records. The Shell Company announced that it would file a lawsuit against the two governments if they directly award the exploration activities to a would-be consortium formed by YPF and British Gas instead of calling an international public bid. The Shell Company would do this based on the argument that the award would be discriminatory.

Almost at the same time, Tierra del Fuego Governor Jose Estabillo sent a letter in which he notes that pursuant to Argentine laws, the Malvinas Islands are within the jurisdiction of Tierra del Fuego Province. Estabillo said "we will not accept" losing the royalties to which Tierra del Fuego Province is entitled in keeping with the Hydrocarbons Law.

New Ambassador to UK Explains Future Role

PY0702132195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1127 GMT 7 Feb 95

[FBIS Translated Text] Buenos Aires, 7 Feb (NA)—New Argentine Ambassador to London Rogelio Pfirter agrees with President Carlos Menem that the Malvinas Islands will once again come under Argentine sovereignty in the year 2000.

Pfirter said "he fully agrees" with the president that former Prime Minister Margaret Thatcher "should be extradited" to Argentina for having ordered the sinking of the cruiser "General Belgrano."

He made these remarks after meeting Menem at Government House a few hours before departing for London to take up his new post in the United Kingdom.

He stated that the president underlined "the policy of continuing to develop closer ties with the United Kingdom in all spheres as the best way to advance Argentina's interests and to further improve the harmonious and normal situation in the South Atlantic."

Regarding the announced accord between Government Oil Deposits (YPF) and British Gas, Pfirter said that during his audience with Menem "it was established that the Argentine Government supports government-to-government cooperation with the United Kingdom in the hydrocarbons sector in the South Atlantic. It also supports cooperation between enterprises."

"We all have a role to play in this matter, both the official and private sectors," he said.

Regarding the project outlined some time ago by the Foreign Ministry to pay compensation to the Kelpers for the recognition of Argentine sovereignty, Pfirter said: "We believe the measures to resolve this problem will include a series of topics and the inclusion of some type of economic compensation—which in no way represents a purchasing exercise."

"I do not believe this was interpreted as purchasing what belongs to Argentina. I do not know of anyone who has thought of purchasing what belongs to us." He did acknowledge that there could be "special motives" such as the paying of compensation "in order to peacefully solve and accelerate the process of transformation."

Pfirter denied that during his meeting with Menem the possibility of a future visit of the Argentine president to the United Kingdom was discussed.

Di Tella Dedicates Bridge Linking Chubut With Chile

PY0602235995 Buenos Aires TELAM in Spanish 2201 GMT 3 Feb 95

[Report by unidentified "special correspondent" from Chubut Province]

[FBIS Translated Text] Carrenleufu, Chubut, 3 Feb (TELAM)—On 3 February, Foreign Minister Guido Di Tella and Chilean Public Works Minister Ricardo Lagos inaugurated the "Rio Encuentro" bridge linking this town, located 140 km southwest of the city of Esquel, with the Chilean town of Palena.

On this occasion Di Tella underscored the importance of the joint undertaking between "two nations that at one time were estranged and were pitted against one another, but which now entertain the possibility of getting together to achieve integration and begin working for a regional common market."

He emphasized that "for both Chile and Argentina this new border pass gives momentum to the integration process in the region, and facilitates trade and unity between the peoples on each side of the Andes."

The foreign minister underlined the importance of the pass for the region, as he considered that "the people from Patagonia are those who live the farthest from the production centers."

Lagos underlined the Chilean Government's interest in joining the Common Market of the South (Mercosur), "but this path will be forged by means of undertakings similar to the one we are dedicating in this southern part of the world," he said.

Lagos stressed the importance of integration as the means "to growing within a regional market."

He emphasized that "these works may enable Chile and Argentina to step up bilateral trade and tourism."

During the ceremony, which was held at the halfway point of the bridge over the Carrenleufu River, 140 km southwest of the city of Esquel, Di Tella and Lagos unveiled plaques.

Also attending the meeting were Chubut Province Governor Carlos Maestro, Senator Hipolito Solari Yrigoyen, diplomats, military officers, church dignitaries, town dwellers, and schoolchildren from both countries.

Following the ceremony, Di Tella, Lagos, and their retinue had lunch in Paleno, Chile, which is 11 km away from Argentina.

Argentine, Mexican Satellite Companies To Strengthen Ties

PY0702135895 Buenos Aires TELAM in Spanish 1126 GMT 7 Feb 95

[FBIS Translated Text] Buenos Aires, 7 Feb (TELAM)—It was reported today that the operators of the communications satellites Nahuelsat of Argentina and Telecom of Mexico have agreed to strengthen commercial ties and to complement services in the two countries.

A communique was released by Nahuelsat S.A., in which it says the initiative seeks to use the Nahuel satellite over Mexico and the Solidaridad satellite over Argentina.

Telecom is the national telecommunications enterprise of Mexico, which was the first Latin American country to have a domestic satellite, and it operates the Morelos and Solidaridad satellites.

Nahuelsat won the international tender for supplying, placing in orbit, and operating an Argentine telecommunications satellite system. The first satellite will begin to operate during the second half of 1996.

The agreement signed includes an understanding for the expansion of satellite communications and seeks new common objectives.

Attention to the regional Latin American market and satisfying the needs of the national markets of the two countries are also among the goals to be achieved.

Government Ends Intervention of Atomic Energy Commission

PY0702160795 Buenos Aires TELAM in Spanish 2358 GMT 6 Feb 95

[FBIS Translated Text] Buenos Aires, 6 Feb (TELAM)—It has been officially reported that the government today released a decree normalizing the functions of the National Atomic Energy Commission (CNEA). The document also names the new board of directors.

Decree No. 144 states that the intervention of the CNEA by Joaquin Padin Zabal, whose original mandate was to have concluded on 31 December but was extended for 1 more month, has now ended.

The document indicates that Eduardo Francisco Santos is the new president of the board of directors and that former intervention official Padin Zabal, Jaime Pahissa Campa, Roberto Garcia Moritan, Agustin Blanco, and Horacio Augusto Osuna are the board members.

The official document says the "objective of reorganizing the CNEA and the others tasks that were ordered in August 1994 have now been achieved."

The directors were installed on 31 January after the government ended the intervention.

Nuclear Workers Reject Plans To Change Atucha-2 Fuel

PY0702012095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2328 GMT 4 Feb 95

[FBIS Translated Text] Buenos Aires, 4 Feb (NA)—National Commission for Atomic Energy (CNEA) workers today repudiated a project, sponsored by Economy Minister Domingo Cavallo, which proposes changing the fuel used by the Atucha-2 nuclear power plant. The CNEA workers emphasized that this decision "involves giving up the nuclear program."

The CNEA workers noted: "Minister Cavallo, who is already notorious for his open contempt for the scientific and technological sector, proposes changing the Atucha-2 fuel to make it marketable and thus satisfy foreign creditors."

In a communique issued by the Association of State Workers (ATE), the CNEA workers emphasized that the economy minister's decision "was prompted by the violent jolts of the Mexican crisis."

The CNEA workers added: "This involves giving up the nuclear program, as it also does not include any financing for the construction of a fourth nuclear power plant."

The CNEA workers claim that if the measures sponsored by the minister are implemented, "44 years of efforts by all Argentines would be wasted, and irreparable damage to the scientific and technological sector would be involved."

The CNEA workers added: "It is also necessary to mention the shady deal involving the construction of a new gas pipeline and the supply of 15 million cubic meters of gas for the Atucha-2 power plant."

The CNEA workers emphasized that their trade union "would oppose the measures, and would encourage Congress to discuss an energy program that respects the current installed capacity of nuclear power plants and their future projections."

Bolivia

Aranibar: Intervention in Peru-Ecuador Crisis 'Unlikely'

PY0702142695 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 7 Feb 95

[FBIS Translated Text] The presence of a Bolivian mission in the Peruvian-Ecuadoran armed conflict is unlikely. This was stated by Foreign Minister Antonio Aranibar after a meeting summoned by the president of the Republic at the presidential residence which was also attended by the high military command. The meeting sought to exchange points of view, assessments, and forecasts regarding the dispute between those two Andean countries. Aranibar refrained from commenting on the Bolivian Armed Forces' concern over that international issue.

[Begin recording] [Aranibar] No, I cannot disclose details of the meeting. We exchanged information. The president heard the assessment by the Bolivian Armed Forces and the Bolivian Foreign Ministry. I cannot give any further details.

[Unidentified reporter] Are we talking about sending a [words indistinct] to the conflict zone?

[Aranibar] No. In our capacity as a country, we did not discuss this. We discussed it within the framework of the Bolivarian summit. President Gonzalo Sanchez de Lozada, and the presidents of Panama, Colombia, and Venezuela explained to the guarantor countries of the Rio de Janeiro Protocol the need to search for an immediate and efficient peaceful solution and, eventually, to send a technical mission to exactly determine the situation prevailing in the zone. But the recommendation, the appeal made in Cumana, has not been raised again. [end recording]

The official stance is to uphold multilateral negotiations that will seek to urgently restore peace.

Armed Forces Commander General Reinaldo Caceres said Bolivian intervention is most unlikely.

[Begin Caceres recording] There is no reason why we should place ourselves in such an awkward situation with two sister nations regarding an issue on which we have no say. We cannot judge a problem affecting two sister nations. [end recording]

Caceres said the Ecuadoran-Peruvian conflict will not prompt a reinforcement of Bolivian border troops. According to the latest military report, there is no news from the front.

Brazil

Spokesman Cites Cardoso on Peru, Ecuador Conflict

PY0702152195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1405 GMT 7 Feb 95

[FBIS Translated Text] Brasilia, 7 Feb (AFP-NA)—Presidential Spokesman Sergio Amaral today announced that Brazilian President Fernando Henrique Cardoso "will make every effort to achieve a cease-fire between Peru and Ecuador" in the armed border conflict that began on 25 January.

This is Cardoso's first remark since he met with Ecuadoran President Sixto Duran Ballen early on 6 February during the latter's brief visit to Brasilia to explain the Ecuadoran position on the peace proposal drafted by the guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States).

The initiative, which was proposed on 5 February in Rio de Janeiro after six days of intense negotiations and which was immediately accepted by Peru, calls for the establishment of a demilitarized zone and the deployment of observers to the border area disputed by the two countries.

In remarks to reporters accredited to the Brazilian presidency, Amaral said Cardoso will make every effort to promote peace, but "will not interfere in the (direct) understandings that may arise between Peru and Ecuador."

Peruvian Vice Foreign Minister Eduardo Ponce and Ecuadoran Vice Foreign Minister Marcelo Fernandez de Cordoba have been in Brasilia since today and 5 February, respectively, awaiting the resumption of negotiations. Thus far there is no news of a direct meeting between them.

The Brazilian Foreign Ministry has been handling contacts between the protagonists and the negotiators—the guarantor countries of the Rio de Janeiro Protocol of 1942 (Argentina, Brazil, Chile, and the United States), which established the 1,800 km-border between Ecuador and Peru. Thus, the Brazilian Foreign Ministry will announce when the peace talks will be resumed.

Peruvian, Ecuadoran Envoys Await Restart of Talks

PY0702152895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1356 GMT 7 Feb 95

[FBIS Translated Excerpt] Brasilia, 7 Feb (AFP-NA)—The Peruvian Embassy in Brasilia has officially reported that Peruvian Foreign Vice Minister Eduardo Ponce arrived today at dawn in Brasilia. He awaits the resumption of negotiations with Ecuador and the guarantors of the Rio de Janeiro Protocol over a cease-fire in the armed conflict in the border between Peru and Ecuador.

Following the interruption of the peace negotiations, Ponce told AFP in Rio de Janeiro on 5 February that Peru would not attend the negotiations in Brasilia because it understood that Ecuador's lack of answer to the proposal presented by the guarantors meant the negotiations could be considered as finished.

A Peruvian spokesman reported that the presence in Brasilia of Ecuadoran Vice Minister Marcelo Fernandez de Cordoba prompted the Peruvian Government to send Ponce to Brasilia as "a gesture of reciprocity," and to await the resumption of negotiations. [passage omitted]

[Madrid EFE in Spanish on 7 February at 1338 GMT carries the following report datelined Brasilia that adds: "The Ecuadoran Vice Foreign Minister Marcelo Fernandez and the Peruvian Vice Foreign Minister Eduardo Ponce today asserted their willingness to resume the talks that were interrupted on 5 February in Rio de Janeiro. They met at the Brazilian Foreign Ministry in Brasilia. The Ecuadoran Embassy has said the talks were never interrupted. For the Peruvians, the talks depend on the answer by the Ecuadorans to the agreement proposal presented by the guarantor countries. Ponce and Fernandez are in Brasilia awaiting a new round of negotiations to end with the armed conflict between their two countries. One diplomatic source said that on the afternoon of 6 February it was decided that Ponce, who was supposed to have returned to Lima, would remain in Brasilia to prevent Ecuador from blaming Peru for the non-resumption of negotiations.

A Peruvian diplomatic delegation source said Ponce arrived in Brasilia today at dawn and will later speak to the media at the Naoum Plaza Hotel."]

Armed Forces Not Worried Over Peru-Ecuador Conflict

PY0802122595 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 8 Feb 95

[FBIS Translated Text] General Benedito Onofre Leonoel, the Armed Forces chief of staff, has said the conflict between Peru and Ecuador does not worry the Brazilian Armed Forces. He added that Brazilian military officers could be sent to the conflict area as observers if requested by the members of the Rio de Janeiro Protocol, that is, Argentina, Brazil, Chile, and the United States.

Cardoso Assesses Real Plan

PY0402163095 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 3 Feb 95

[Address to the nation by President Fernando Henrique Cardoso from Planalto Palace in Brasilia on 3 February—recorded]

[FBIS Translated Text] During the electoral campaign, I time and again said that the success of the Real Plan was an essential condition for Brazil to regain self-confidence and to pave the way for the prosperity of the Brazilian people. Some people said then that the plan was election-oriented, that as soon as the election was over inflation would rise again. They were flatly mistaken because seven months after the launching of the Real Plan, inflation continues to decline.

Inflation in December was lower than that of November. Now, in January—when inflation stood at less than 1.5 percent—it was lower than that of December. By now the people have realized that we are waging a serious struggle against inflation and that it was not just a trick to win the election.

Those going to supermarkets or grocery stores are no longer shocked by prices being marked up all the time. Some prices are still going up, but others are stable—such as those of gasoline and food items—and others are lower than those prevailing at the outset of the Real Plan.

A basket of basic food that cost 108 reals in July now costs almost 10 percent less. This means that the cost of living is dropping for workers, for those who live on their wages or pension, or for independent workers as well; that is, for a large majority of Brazilians.

You all know the relief that it means to live without inflation. I do not have to repeat that to you. It is important for us to look back and see how Brazil has improved in recent months. We draw strength and stamina from this achievement to continue to do all that needs to be done for Brazil to improve even further.

Together, each of you and the government, we will continue to fight inflation every day to prevent it from returning.

There are unfortunately professional pessimists—some of them because it is in their nature, others because they are naive, and others out of bad faith—who are continuing to predict failures. Unable to disprove the sucess of our fight against inflation, they are focusing on other issues, they are trying to scare the nation with the ghost of the Mexican crisis. They will have to change their tune right away because our reserves continue to be high, nearly $38 billion. Our exports have recovered and in January we had a surplus again. Furthermore, nearly two-thirds of our imports consisted of raw materials and equipment that will increase production and create jobs.

True foreign investors; that is, those who come here to expand production and not to just speculate, have recognized the advantages offered by Brazil and continue to look us up to build factories here.

The resumption of our economic growth—we are growing at the rate of 5 percent annually—allowed us to start dispelling the ghost of unemployment, which has declined since September last year. Thus, the advocates of defeat were once again mistaken. In the meantime, the government continues to work.

The outgoing Congress was required to pass an important law, the one on franchising of public services; and to issue amendments to fill some loopholes to prevent tax evasion. We have achieved these goals. Congress approved Provisional Measure 812 which seeks to fight tax evasion and the Senate approved the franchising law I had proposed four years ago.

This law and the changes we have already introduced into the privatization mechanisms are opening broad chances for modifiying the Brazilian state. With the support of the private sector, we will again be able to resume projects designed to generate electricity, to improve our ports and roads, and so forth. This shows that the government has the support of those parties accounting for the majority in Congress. The government will rule with them, will use their competent members, but it will not set up a counter, or a channel for exchanging one favor for another.

As an example of the new policy, the Communications Ministry will call public bids or auctions to award radio and television licenses, instead of using the presidential prerogative of granting these licenses to obtain political support. This new policy—which rejects shock measures, opportunism, and political patronage—has led us to abolish two ministries, which are notoriously big spenders, and to create the Community in Solidarity Program, a new concept of using public resources in partnership with society to meet social needs.

Does this take time? It does. Yet, neither the president nor the ministers are circus acrobats who perform pirouettes to earn the applause of the audience and then disappear behind the curtains. It will take time to change the way of running the government, of coordinating the action of ministers, and of doing the necessary thinking to make the right decisions. We need the right time to avoid waste, systematic errors, improvisation, and incompetence.

Now that the weak arguments of the advocates of failure have been destroyed, the battle moves onto another front, that of demagogery. Some claim that the minimum wage must be increased. Of course it must be raised. Some economic groups—such as small and micro businessmen—who through their representatives claimed that it is possible to pay a R100 monthly minimum wage effective immediately, ought to pay it as soon as possible. There is no law prohibiting anyone from doing this. The government views favorably such increases as long as they are not transferred to prices because this would fuel inflation again. Large companies are even more strongly encouraged to do this.

What about the minimum salaries paid by the social security system? Of the 14 million people who receive a minimum wage in Brazil, nearly 11 million are retired workers or pensioners who receive their pension from the social security system. They also need an increase. The only problem is that the last congress created a great obstacle to doing this. It not only increased the minimum wage but all the social security benefits as well by 42 percent without determining where the money would come from to pay such an increase. The result is a potential deficit of more than R5 billion in the social security budget. The alternative now is: Either the president sanctions the law and refuels the inflation by issuing money, which will lose its value, or he vetoes the law.

In this case, the people will say: He is vetoing the minimum wage increase and not the wage increase for the congressmen and for himself? It so happens that the wage increase for congressmen, ministers, the president, and the vice president is the exclusive domain of congress. In this case, the president has no veto power. On that occasion I pointed out that the increase in the salaries of congressmen, ministers, and the president of the Republic should be moderate. I now urge the leaders of the ruling and opposition parties to review the decision that granted them an equivalent of 15 salaries per year. To confirm our willingness to treat the minimum wage hike issue morally until it becomes possible to increase the minimum wage to 100 reals, the ministers will give up their recently created allowance per function—equivalent to nearly 25 percent of their salaries—and the president and the vice president of the Republic will do the same.

But this is not enough. We must create the conditions to comply with President Itamar Franco's desire: To soon raise the minimum wage to a $100 level. I do not mean a false increase that will be eaten up by inflation, which is what would happen if we do not veto the law recently approved by congress. I mean a real increase to make the minimum salary equivalent to $100, or who knows, perhaps R100.

On 16 February I will send to congress some constitutional amendment proposals and other ordinary bills that will allow the sanctioning of—as soon as congress approves them—an effective, true, and real minimum wage increase. That is the initial step to comply with my campaign promise of doubling in two years time the minimum wage in real terms.

It is Brazil, not the president, who needs the support of the new congress. I have sought this support. My ministers and I have talked frankly with the deputies and senators to point out to them the problems and the solutions the government intends to propose this month through constitutional amendments.

The results of these talks have been very good. I reassert that the constitutional amendments will be implemented in the same manner as the Real Plan: Talking, with transparency, without surprises, and respecting the rights of the citizens, public employees, and retirees. The constitutional amendments are meant to improve the performance of the economy and the people's life, respecting social rights.

It so important for me that government and congress work in harmony, that I made a hard decision: I decided to sign the bill granting an amnesty to the deputies and senators charged with misusing the Senate printing house as long as they pay for the material they printed.

In the past few days I have received hundreds of letters and telegrams asking me to veto this bill. This demonstrates that Brazil no longer tolerates mismanagement of public funds. I also do not tolerate this, and I will be inflexible regarding any mismanagement of public funds may take place in the executive branch, however, if I vetoed the bill, I would run the risk of creating a conflict among the government branches. It would be a problem for the judicial branch because it suspended the political rights of a senator, and it would be a problem for congress because it considers this punishment exaggerated for the kind of crime committed. It must be remarked that some judges, when ruling on the Lucena case, pointed out that the punishment was excessive and that the people of the State of Paraiba reelected him with a considerable amount of votes.

When the government branches fight among themselves, the loser is Brazil. I want the government, congress, and justice to work in harmony for the benefit of Brazil, and for the fast approval of the necessary reforms.

The responsibility of the congress that is beginning its term now is enormous. Society demands the constitutional amendments. The government will assume its responsibility. It will propose reforms and discuss them with the country in coordination with the party leaders. But it is the deputies and senators who will have the final word. I trust in the patriotism of the people's representatives. Let us place the country above all other interests, with a lot of faith, sincerity, and work. Thank you.

Cardoso's Minimum Wage Plans, Loan to Mexico Examined

PY0802011195 Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Feb 95 p 5

[Article by Marcia Carmo]

[FBIS Translated Excerpt] Brasilia—President Fernando Henrique Cardoso believes that it will be possible to increase the minimum wage to 140 reals [R] long before he expected. The president conditions this, however, to the approval of the constitutional reforms. Initially Cardoso considered the possibility of doubling the minimum wage only at the end of his term in office. Now he believes it will be possible to reach the R140 target "very soon," if reforms to the Constitution are added to the drop in the inflation rate, the stability of the currency, and the current favorable economic conditions.

Cardoso denies having planned, at any stage, to pay a R15 bonus to minimum wage earners, as occurred in January. "The term already says it, it was a bonus, and has already been paid," Cardoso tells whoever asks him about the issue. Based on his calculations, payment of this bonus would cost the government R2.5 billion per year. Last week, Cardoso asked Social Security Minister Reinhold Stephanes about his ministry's real financial situation. Optimistic about the success of the Real Plan, the president believes that as a result of integration among the Mercosur [Common Market of the South] member countries (Brazil, Argentina, Paraguay, and Uruguay), Brazilian workers will have a possibility of receiving better salaries.

Although trying to avoid speculation, President Cardoso has been telling his interlocutors that he thinks it would be "good" to end his period in office with a R200 minimum wage. Cardoso prefers, however, not to raise expectations or give birth to useless controversy.

The president sees no reasons to criticize Brazilian participation in the international movement to help Mexico. Cardoso supports the idea of having this sort of defense mechanism at hand. He cites as an example the recent loss of $2 billion of speculative capital in Canada, just because of an editorial published by the WALL STREET JOURNAL editorial. "Canada can tolerate the situation, and Brazil perhaps can, too, but I am not sure that other countries could also do so."

Mexico

In talks with his advisers, the president notes that the money to be sent to Mexico is not nonreimbursable funds but profit-earning capital, and besides, it could not be used for domestic investment, because it would cause the inflation rate to go up. The terms of these loans, however, are still under discussion. In addition to wanting to know exactly where the resources will be used, the government will impose some conditions on authorizing its allocation. The main condition is that Brazil, as well as Colombia, Argentina, and Chile, will be preferential creditors. In Cardoso's opinion, there is no reason for the payment to be made first to the developed countries, such as the United States. "The countries still in development must be reimbursed first," he said.

Three kilos thinner thanks to a mandatory diet to reduce back pain, President Cardoso is calm and sure of every step being taken by the government. He agrees with Senator Antonio Carlos Magalhaes (Liberal Front Party, Bahia), who detected communication problems in these first days of this new period. Cardoso will now demand that the ministers immediately begin defending the issues of the federal administration.

One government issue that concerns the president is the excessive use of provisional measures [MP's], which creates a situation that he calls "benign dictatorship." Cardoso wants to limit the use of MP's to serious and urgent cases, such as economy and security matters. To this end he will distribute a circular instructing the ministers to reduce requests for issuance of MP's. [passage omitted]

Cardoso Pushes Approval of Property Rights Bill

PY0702203095 Sao Paulo GAZETA MERCANTIL in Portuguese 6 Feb 95 p 2

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] President Fernando Henrique Cardoso will do everything in his power to get a new industrial property rights law approved before his visit to Washington on 20 April. This is one of the thorny issues on the bilateral agenda, but contrary to what other U.S. administrations did during the 1980's, the Clinton administration has not threatened to impose sanctions on Brazil.

A reliable Brazilian diplomatic source has admitted that the fulfillment of a Brazilian Government's promise to Washington—that the country will have a new intellectual property rights law—is hanging by a thread, as the government cannot compel Congress to approve the patent law. U.S. Ambassador Melvyn Levitsky told GAZETA MERCANTIL that the agenda between the two countries "is positive" and that in the intellectual property rights case, "the government has assumed the commitment of getting a bill approved in Congress."

At the end of 1994 diplomats intensified their visits to the Senate to explain the importance of adapting a substitute bill approved by the Chamber of Deputies to the new rules of the Uruguay Round of GATT talks. The final document includes a chapter on "trade-related intellectual property rights" [preceding five words in English] (TRIPS), which was endorsed by the Brazilian Congress, which in December ratified all Uruguay Round agreements.

The reports by PSDB [Brazilian Social Democracy Party] Senator for Parana Jose Richa and PMDB [Brazilian Democratic Movement Party] Senator for Para [as published] Antonio Mariz are ready, and must be voted on in two commissions before being submitted to a Senate plenary session. Considering that the bill approved by the Chamber of Deputies was substantially modified, it will have to return to the Chamber for new study. A congressional assistant said: "In theory, the government has a majority in the Senate to back the bill." Yet it is difficult to foresee whether there will be new difficulties in approving the law, because the matter is very controversial.

The chairmen of the Senate commissions will be elected after 15 February. A new rapporteur will have to be designated to replace Senator Richa, who has retired from politics. PMDB Senator for Para Ney Suassuna is the new rapporteur—in his capacity as alternate rapporteur—of the patent bill. He replaces Mariz, who took over as Paraiba governor.

Accelerates Privatization Program

PY0802023295 Sao Paulo AGENCIA ESTADO in Portuguese 2237 GMT 7 Feb 95

[Article by Sandra Sato]

[FBIS Translated Text] Brasilia, 7 Feb (AE)—Upon orders from President Fernando Henrique Cardoso, during its first meeting today the National Privatization Council decided to accelerate the privatization program. Civilian Household Chief Clovis Carvalho announced that the program will be resumed on 10 May with the auctioning of Espirito Santo Power Plants, Inc. (Escelsa).

According to Carvalho, in order to accelerate the sale of state- run companies, the government will also try to make monopolies, like the petroleum and mining monopolies, more flexible through the presentation of constitutional amendments on 15 February. The government will also promote privatization of the state financial institutions that are transferred to the Union, auctioning their shares. This could occur, for example, with Banespa [Sao Paulo State Bank] and Banerj [Rio de Janeiro State Bank].

Petrochemical Companies

Carvalho, who is the president of the Council, which was recently created to replace the commission that was previously running the privatization program, reported that the Council decided to ask for a reevaluation of 10 state-run companies that had been evaluated on 31 December 1993. They are Salgema, Companhia Petroquimica de Camacari, Companhia Quimica do Reconcavo, Petroquimica do Nordeste, Estireno do Nordeste, Nitrocarbono, Polibrasil, Polipropileno, Poliderivados, and Petrocoqui. The Council gave 60 days for the National Bank for Economic and Social Development (BNDES) to assess the value of those companies. BNDES will also have to estimate within 80 days the value of Pronor, Metanor, Deten Quimica, and the Companhia Brasileira de Polimetanol.

Escelsa

In the case of Escelsa, the Council's work will now concentrate on checking whether the franchise contract between the Espirito Santo government and the federal government for electric power supply violates the new law on franchises. The law was approved by Congress during its intensive work sessions, and should be approved by the president on 13 February.

In the next few days the Council will study the case of Light, which is also among the enterprises that the government wants to privatize during the first half of the year. Clovis Carvalho explained that it is necessary to make a balance, with the new Sao Paulo government, of the value of the credits that the state has with Light. "Credits range from 500 million reals [R] to R1 billion," Carvalho said.

Telebras [Brazilian Telecommunications, Inc.]

Clovis Carvalho reported that Telebras is not on the list of enterprises to be sold by the government. "The entire telecommunications sector is outside the privatization program," Carvalho said. The sector will be affected only if permitted by a constitutional amendment. He admitted that the company Vale do Rio Doce might also be "privatized." President Cardoso recently criticized BNDES Director Elena Landau for having announced the privatization of this company.

Carvalho reported that President Cardoso has ordered an acceleration of the privatization program. For this reason the command of the program was transferred to the Council, which is made up of Carvalho, Finance Minister Pedro Malan, Planning Minister Jose Serra, and Federal Administration Secretary Luis Carlos Bresser Pereira. No civilian society representatives have been designated to the Council. "Decisions are made by the government, which assumes responsibility in the eyes of society," Carvalho said.

Preferential Export Tariffs With Mexico Under Renegotiation

PY0702192795 Sao Paulo GAZETA MERCANTIL in Portuguese 2 Feb 95 p 6

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] As of 1 February, Brazilian-made compressors, transformers, packing machines, iron bars, motor parts, and photographic paper sold to Mexico—which in 1993 amounted to $70 million—will lose their preferential tariffs. That is, they will no longer enjoy the tariff discount of 40 to 70 percent provided for by Partial Scope Agreement No. 9, which was negotiated by the two countries within the Latin American Integration Association (ALADI).

As long as this accord is not extended, Mexican and Brazilian exporters will have to pay the normal tariff, but if the agreement is renewed and if the tariff is reduced, exporters will be repaid the surcharge. Talks between Mercosur [Common Market of the South]—Brazil, Argentina, Paraguay, and Uruguay—and Mexico over an extension of the commercial agreements until 30 June 1995 began at the end of 1994. The Mercosur partners managed to extend the agreements at most until 31 January, but considering that this deadline has already expired, and that each country wants to preserve the preferential tariffs, an emergency operation has been prepared in Mexico. The ambassadors of the four Mercosur countries are working with the Mexican authorities to maintain the agreements.

"If no extension is agreed upon, we will have to talk with Mexico on a new basis, or reconsider what might turn out to be the foundations for a new agreement," Renato Marques, head of the Itamaraty Integration Department, has said to this newspaper. He believes, however, that the agreements will be extended in the next few days.

Actually, Mexican exporters have drawn more benefits from the preferential tariffs than Brazilian exporters have. The volume of Brazilian sales that are facilitated by the preferential tariffs, however, "is not small," Marques said. Yet entrepreneurs believe that in Mexico they are more strongly affected by Canadian and U.S. competition within NAFTA than by the possible elimination of the preferential tariffs.

This is another problem to be discussed with Mexicans. Brazil will submit a list of products that have been affected in Mexico since the implementation of NAFTA one year ago. "Compensation will have to be considered at some time, but the matter is not on the agenda, because there are more urgent things to consider," Marques said. Mercosur countries have not as yet submitted to Mexico a list of the products that have been affected. Colombia has already submitted its list to Mexican officials.

In 1993, Brazilian-Mexican trade reached $1.322 billion, of which $995 million accounted for Brazilian exports.

Of the 25 main products that were exported to that market, six paid preferential tariffs until 31 January. During that period Brazil exported photographic paper for $21 million, with a 60 percent preferential margin; compressors for $11 million (60 percent margin); transformers for $10 million (60 percent); packing machines for $10 million (40 percent); iron bars for $10 million (60 percent); and motor parts for $7.5 million (preferential margins ranging from 50 to 70 percent, depending on the product).

Mercosur has already extended until 30 June its partial scope agreements providing for preferential tariffs with the other ALADI countries—Peru, Bolivia, Chile, Ecuador, Venezuela, and Colombia. Before the expiration of this deadline, Mercosur will negotiate free trade agreements with those partners. Negotiations with Mexico will be different because this country belongs to NAFTA.

Danish Company To Purchase Jet Airplanes

PY0802013795 Sao Paulo GAZETA MERCANTIL in Portuguese 6 Feb 95 p 25

[FBIS Translated Excerpt] The company Eastern Trade Wings, which is headquartered in Denmark but also operates in India, has signed a contract with Embraer [Brazilian Aeronautics Company] for the purchase of three EMB-145 planes. The EMB-145, a jet plane for regional trips with a capacity of 50 passengers, is in the final stages of development. Embraer did not reveal the overall value of the contract signed with Eastern, which also involves the supply of spare parts. According to Embraer commercial director Paulo Cury, the price of each EMB-145 is approximately $13 million, but this could become higher depending on the configuration requested by the customer.

According to Cury, details of the financing for the acquisition of the planes by the Danish company are still under negotiation. The interest rate to be charged on the financing is also being negotiated. With the signature of this new contract, the number of orders for the EMB-145 plane has increased to 13. Embraer has also received options for the purchase of eight more planes, and 127 letters of intent that have been signed by 17 companies from nine different countries.

Among the companies that have already signed confirmed contracts for plane purchases are the Australian company Flight West Airlines and the French company Regional Airlines, which together ordered five EMB-145 planes. According to Embraer, in the case of confirmed purchases the customer is forced to make a down payment, and if the customer decides to give up the purchase this down payment is not returned. In the case of option for purchase, a contract is also signed establishing a price for the use or non-use of the option. In this case, if the customer gives up the business, the down payment is returned. [passage omitted]

Plans To Join Missile Control Regime Conveyed to U.S. Envoy

PY0802024095 Rio de Janeiro JORNAL DO BRASIL in Portuguese 7 Feb 95 p 4

[Article by Leandro Fortes]

[FBIS Translated Text] Ambassador Ronaldo Sardemberg, head of the Strategic Affairs Secretariat, formally conveyed to U.S. Ambassador Melvin Levitsky his plans to have Brazil join the Missile Technology Control Regime [MTCR], thus allowing the country to produce and export long-range missile equipment and technology. Some even interpreted the meeting between Sardemberg and Levitsky as one stage in the negotiations seeking to end hostilities between Peru and Ecuador.

A U.S. Embassy official explained that Sardemberg had met with Levitsky to ensure U.S. support for the Brazilian plans to join the MTCR, which joins together 20 countries that control the trade in missiles more powerful than the standard 500 kilos cargo/time transported at a speed of 300 km per hour.

The embassy official explained that any transaction in this area without MTCR intermediation is deemed an act of "hostility." According to him, the idea is to prevent countries linked to international terrorism to use the missile-producing parallel markets.

Since the beginning of 1994 Itamaraty has begun to publicly declare that Brazil was interested in joining the MTCR. One of the last acts of the Itamar Franco administration last December was to publish norms for the control of materiel exports, already looking forward to its participation in the long-range missile market.

Military Seeks To Resume Modernization in 1995

95SM0164B Sao Paulo GAZETA MERCANTIL in Portuguese 16 Jan 95 pp 1, 3

[Article by Cesar Felicio: "Military Want To Resume Investing"]

[FBIS Translated Text] Brasilia—The Armed Forces want to make up for nearly a decade of no investments in their sector. The Army, Navy, and Air Force have received authorization from the executive branch to obtain funds abroad, and they are expected to begin a major procurement program this year regardless of the budget cutbacks affecting all ministries that will be made by Minister of Planning Jose Serra.

Minister of Aeronautics Mauro Jose Miranda Gandra, for example, hopes to spend $150 million this year on the project for producing the AMX jet aircraft. "We will invest primarily in that project, which constitutes our backbone and depends almost entirely on foreign loans," he said.

Actually, the military expect their investments to be spared the cutbacks precisely because those investments will be financed with foreign money: "It is not conceivable that Brazil should fail to honor foreign contracts that have just been signed," said one knowledgeable source in the Armed Forces.

The Army has borrowed $424 million from the Brazilian American Merchant Bank (BAMB)—a foreign subsidiary of the Bank of Brazil—and that is the largest amount borrowed by its ministry over the past eight years. For its part, the Navy has received $150 million in addition to signing contracts to purchase four British frigates for $250 million.

The military does, however, feel apprehensive regarding appropriations cutbacks that will affect their budgets for administration and equipment maintenance. The Navy and Air Force will reportedly be the branches most affected, given the need to maintain a minimum level of operations to prevent the deterioration of ships and aircraft. "We have nothing left to cut back on. If there are cuts, the Navy will be dismantled, and we will have to spend twice as much to restore the ships later on," said Minister of Navy Mauro Cesar Rodrigues Pereira.

For 1995, the Navy will continue to receive a budgeted amount equivalent to 0.49 percent of the GDP [gross domestic product], a percentage that has remained unchanged in recent years. The minister of aeronautics, showing the same concern as the minister of Navy, commented: "We have many aircraft that are not moving at all and items that are not being repurchased."

$424 Million for 1995 Investments

Brasilia—After nearly a decade of standing still, the Armed Forces are attempting this year to resume their investments in the modernization of armament. The Army has more funds for investment in 1995 than at any other time during the past eight years—a total of $424 million—and it is trying to obtain another $376 million abroad, having already received authorization from the executive branch to do so.

The Navy has already obtained $150 million abroad, has signed a contract to purchase British frigates for $250 million, and is also trying to obtain another $850 million abroad. And the Air Force is beginning to administer an appropriation of $300 million that will be divided between investments and operating expenditures.

But the mood in the military is not one of euphoria. There are certain to be budget cuts as a result of Minister of Planning Jose Serra's efforts to eliminate the predicted deficit in the General Budget of the Union. But at least the money for investment appears to be safe: a high-ranking source in military circles points out that those funds are the result of foreign financing contracts that cannot be broken by the administration.

This resumption of investments began to take shape last year when a bill by the military was passed by the National Congress and resulted in the largest call for bids in recent years. It was an operation totaling $1.038 billion for establishment of the Amazon Region Surveillance System (Sivam) with support from Eximbank [Export-Import Bank of the United States], Sweden's EXN [expansion not given], and Raytheon of the United States.

For this year, all the funds made available are to be used on programs already under way. In the case of the Air Force, the basic project is production of the AMX jet, a bomber "with surgical precision," according to Minister of Aeronautics Mauro Jose Miranda Gandra, who estimates that the project will take investments on the order of $150 million this year.

The Navy is attempting to obtain funds abroad for moving ahead with its project to build domestic submarines. Construction of the fifth domestic submarine will require $200 million. "This is an important investment in order to keep the skilled manpower we train with us," says Minister of Navy Mauro Cesar Rodrigues Pereira.

The Navy is also acquiring four British frigates, 19 helicopters, 25 vehicle landing ships, and 20 patrol boats. In addition, it is building seven patrol ships and moving ahead slowly with the nuclear program aimed at building a nuclear-powered submarine. "In most cases, these equipment modernization programs are long term. Everything in the Navy is very expensive," the minister said.

The nuclear program is expected to receive "less than $50 million" this year, according to the minister, and it will probably not be completed before the end of the first decade in the next century.

In the Army, the appropriation of $424 million that has already been obtained will be divided among all the branches and used for everything from the purchase of heavy weapons to the acquisition of medical and cartographic equipment. According to a report in the magazine VERDE OLIVA, which is official in nature, the main goals being pursued by the Army are a change in the caliber of individual weapons (replacement of the current 7.62 caliber so as to optimize the use of ammunition), production of an antitank missile, production of an amphibious vehicle known as the Infantry Combat Vehicle (VCI), and, chiefly, establishment of the electronic warfare project as part of the Electronic Warfare Tactical System (Sitage). "This is a matter of establishing tactical and strategic systems for monitoring the electromagnetic spectrum," according to an article in the magazine by then Army Chief of Staff General Benedito Onofre Bezerra Leonel, who is now Armed Forces chief of staff.

Concern Over Budget

Despite the satisfactory amount of funds for investment, there is concern among the military over the cut in budget funds that will be announced. Those funds are used principally for equipment maintenance and administrative costs. The greatest resistance to the cuts is coming from the Navy and Air Force, which need to keep ships and aircraft moving in order to ensure that they remain operational. "Our shelves are empty, with many aircraft unable to fly and items not being repurchased. We plan to stick to the same operational level this year in order to maintain our 'flying reserve' (the minimum number of aircraft in usable condition in case of imminent conflict)," said Minister of Aeronautics Mauro Jose Miranda Gandra.

The minister of Navy was more incisive: "There is nothing left for us to cut. If there are cuts, the Navy will be dismantled. To put the ships back in operating order later, we will spend twice as much," Minister Mauro Cesar Rodrigues Pereira said.

'Brazilian Solution'

Brasilia—Establishment of the Ministry of Defense, which is one of the principal objectives chosen by Fernando Henrique Cardoso's administration with respect to the Armed Forces, is not a matter of consensus among the military ministers. Whereas the Armed Forces chief of staff, Benedito Onofre Bezerra Leonel, who has been instructed by the president to coordinate studies of the matter, is remaining absolutely silent on the subject, Minister of Navy Mauro Cesar Rodrigues Pereira has drawn this newspaper's attention to a few serious obstacles to establishment of the new ministry.

According to the minister, there are minimal similarities between the three services in the areas of personnel training, equipment, and installations. Setting up a unified command for the three ministries might generate an increase in administrative personnel and result in a bigger bureaucracy than the one that already exists.

"We must search for a solution of our own—a Brazilian one—and we cannot see ourselves as a reflection of the situation in other countries. Our case is very different from that of the United States and Great Britain," Pereira said.

Othon Defends Parallel Nuclear Program, Angra II

95SM0164C Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Jan 95 p 1-3

[Guest editorial by Vice Admiral Othon Luiz Pinheiro da Silva: "Nuclear Original Sin"; introductory paragraph in boldface as published]

[FBIS Translated Text] **Rear Admiral Othon Luiz Pinheiro da Silva, reserve, is 55 years old and a naval and nuclear engineer who was educated at the Polytechnic School of the University of Sao Paulo and at the Massachusetts Institute of Technology in the United States. He was president of the Ministry of Navy's Coordinating Center for Special Projects (Copesp) from 1986 to 1994.**

The commercial contracts resulting from the Brazil-Germany Nuclear Accord of 1975 are bastard offspring: the fruit of the mating between the backward and unnecessary rivalry that devastated Brazilian-Argentine relations in the 1970's on the one hand and official bureaucracy on the other. What we actually wanted from the accord was to quickly master the nuclear fuel cycle thanks to a technology transfer from Germany.

Those contracts had disastrous results: billions of dollars in Brazilian taxpayers' money were spent without the generation of a single kilowatt-hour or the transfer of any perceptible or important technology as far as mastery of the nuclear fuel cycle was concerned.

Before that, in 1972, an agreement had been signed with Westinghouse of the United States. That was the contract that gave rise to Angra I, which, although it has generated a few kilowatt-hours, would probably bankrupt any private company that owned it.

The only favorable low-cost results for the Brazilian nuclear sector have been achieved by the autonomous nuclear technology development program carried out by the IPEN [Institute for Nuclear and Energy Research] in Sao Paulo and the other research institutes managed by the National Nuclear Energy Commission [CNEN] in cooperation with other national research institutions, including the Armed Forces.

At a meeting held at the headquarters of the International Atomic Energy Agency on 3 November 1994, Dr. Hans Blix, director general of that agency and a world authority on the matter, upon learning that $270 million had been spent over a 14-year period to finish making the nuclear fuel cycle technologically viable—including the development of enrichment by centrifugation—commented that although such an amount may have represented some sacrifice for a country like Brazil, it was definitely very small compared to equivalent development programs in other countries.

The results of the autonomous program have often been reported in a distorted manner, however, and they have not been well assimilated by the Brazilian public, which, because of the accident in Goiania and various problems at our nuclear power plants—most of them involving management—associates nuclear power with major problems, expenses, and failures.

Such failures constitute what we label the Brazilian nuclear program's "original sin." That "original sin" ought not to be considered a "capital sin," and the Brazilian nuclear program ought not to be sentenced to capital punishment because of such a sin.

We are a country endowed with great hydroelectric potential. But there is no doubt that that potential, which should be exploited on a priority basis, will not be sufficient in the long term to meet the minimum consumption requirements of Brazilian society.

In our country, we currently have an installed generating capacity of 0.33 kW per capita, whereas Portugal has about 0.8 kW per capita. We are a society of underconsumers when it comes to electricity. It is estimated that about 40 million Brazilians live in homes without electric light.

That population living without electricity tends to also be marginalized as regards information (radio and TV) and the comforts provided by electricity, including its benefits from the standpoint of storing and preparing food.

Considering that we possess one of the world's largest uranium reserves, we must not ignore the possibility of allowing nuclear energy to be part of our power grid, obviously not as the main contributor but as the main adjunct.

We have about 15 or 20 years in which to build our technological base. Considering the various technologies involved, building that base will have a huge multiplier effect, and failing to build it will be extremely detrimental to our society, not only as regards direct expenditure and services but also because of the lost opportunity to give our industry a boost.

Because the nuclear sector is technologically intensive—meaning that it nearly always uses the best technology available—our training program will need to form closer relations between the research and development sector and the firms—that is, the INB (Brazilian Nuclear Industries), Nuclen (Nuclebras Engineering and Services), and Nuclep (Nuclebras Heavy Equipment, Inc.).

The research and development sector is currently associated with the CNEN's regulatory and control activities. In moving the research and development sector closer to the firms, it is desirable to remove it from regulatory and licensing activities, thus satisfying an old demand from a large portion of our scientific community.

A serious training program will mean integrating the operation of the existing firms and eliminating the sector's excessive growth and its deficiencies.

From the standpoint of training, it is very desirable to finish building the Angra 2 nuclear power plant, since we will learn a lot from completing its construction and operating and maintaining it.

The argument by opponents that the necessary funds for completing Angra 2 might be better spent on hydroelectric projects that are currently at a standstill is logical, but it does not take into account the fact that in addition to the electricity generated, we will certainly gain in expertise, technological information, and training from the operation and maintenance of that power plant.

The argument as to why Angra 2 should be completed must not be simply that the money to be invested in it is less than what would be needed to build an equivalent hydroelectric plant or that because we have already spent an enormous amount on that power plant, our only alternative is to spend another $1.4 billion to complete it.

Actually, the basic reason must be that while the amount spent so far as a result of the Brazil-Germany Nuclear Accord is truly absurd, we cannot commit the further absurdity of not completing at least one nuclear power plant negotiated as part of that accord and getting the best possible benefit from that "disastrous" experience.

The operation of Angra 2 along with Angra 1 will result in a demand for nuclear fuel, and that will justify the existence of small production facilities for the various stages of the fuel cycle, thus guaranteeing technological expertise in every phase of that important area.

Although the emphasis in the area of public investment must be the alleviation of social problems, it needs to be considered that an energy shortage in the long term may hamper economic development and, as a consequence, jeopardize the country's social development.

With our eyes on the future, it is important that we organize ourselves in such a way as to optimize our training efforts in the nuclear sector as well.

Chile

Ecuador's Duran-Ballen Returns to Quito

PY0702165095 Madrid EFE in Spanish 1538 GMT 7 Feb 95

[FBIS Translated Text] Santiago, 7 Feb (EFE)—Ecuadoran President Sixto Duran-Ballen returned to Quito today at the end of a tour of Brazil, Argentina, and Chile during which he explained to the respective chiefs of state why he rejected the guarantor countries' proposal to solve the conflict with Peru.

Airport authorities told EFE that the private plane transporting Duran-Ballen and a small retinue took off from the Santiago international airport at 1145 (1445 GMT).

The Ecuadoran president had been scheduled to return to Ecuador last night but he then decided to spend the night in Santiago and return to Quito today.

On 6 February, Duran-Ballen met for more than two hours with Chilean President Eduardo Frei. He held a news conference last night in which he reiterated the peaceful spirit that encourages his country.

He denied Peruvian reports that the Peruvian forces were about to completely expel Ecuadoran troops from bases in the Condor Mountain Range.

The Ecuadoran president, who said his country is not willing to lose its rights although it is willing to struggle for Latin America's integration and solidarity, said: "We have not been kicked out of anywhere."

Duran-Ballen refused to give a detailed explanation of the obstacles to a cease-fire and only said that Ecuador does not approve the terms of the document submitted by the guarantor countries (Argentina, Brazil, Chile, and the United States).

President Frei reiterated, through an official communique, his "firm commitment" to make every effort to find a peaceful agreement "between the two sister nations."

No Further Comment on Weapons Sales to Ecuador

PY0802022095 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 7 Feb 95

[Speakers identified by screen caption]

[FBIS Translated Text] The government had no comment on the press reports that weapons sold by Famae [Army Ordnance] to Ecuador were allegedly shipped to that country during January.

According to press reports, during January an Ecuadoran Hercules aircraft was parked at the Santiago international airport, apparently loading a shipment of weapons sold by Famae to that country.

Today the government refused to comment on these reports.

[Begin recording] [Defense Minister Edmundo Perez Yoma, in progress] ...and we are not going to make any more comments on the issue.

[Unidentified reporter] But is it true that the weapons were delivered in a hasty manner?

[Yoma] All that is secret information.

[Minister Secretary General of Government Jose Joaquin Brunner] There will not be much information on specific technical details. [end recording]

The government stuck to the official declaration issued on 5 February stating that the last authorization to sell weapons to Ecuador is dated 12 September 1994, but did not specify when the weapons were shipped to that country.

Pinochet's Involvement in Border Dispute Denied

PY0802113095 Madrid EFE in Spanish 2015 GMT 7 Feb 95

[FBIS Translated Text] Santiago, 7 Jan (EFE)—Acting Chilean Foreign Minister Mariano Fernandez stated today that his government is determined to work with the other guarantor countries of the 1942 Rio de Janeiro Protocol to establish peace between Peru and Ecuador.

Fernandez stated that the efforts of Argentina, Brazil, Chile, and the United States should result in definite peace between the two Andean nations that have been engaged in an armed conflict since 26 January.

Fernandez saw Ecuadoran President Sixto Duran-Ballen off at the Santiago international airport today. After successive postponements, Duran-Ballen left Chile in a private plane at around noon under great secrecy "for security reasons," it was said.

Duran-Ballen spent almost 19 hours in Chile. He arrived in Santiago on 6 February at the end of a quick tour that also took him to Brazil and Argentina where he explained the Ecuadoran stance in the border dispute with Peru.

Fernandez termed as "irresponsible and false, completely false," a report published today by the Argentine daily CLARIN that General Augusto Pinochet, the former Chilean chief of state and current Chilean Army commander, had anything to do with the start of hostilities between Ecuador and Peru.

The report in CLARIN was attributed to the "Argentine Foreign Ministry," a fact that was dismissed in Santiago by Argentine Ambassador Eduardo Iglesias.

Fernandez said he had phoned Argentine Ambassador Eduardo Iglesias who "denied" that the Buenos Aires Government "had anything to do with this sort of news."

Minister Secretary General of Government Jose Joaquin Brunner, when asked if the Peruvian Government will send someone to Chile to match the visit paid by the Ecuadoran president, answered that there is an official declaration from Lima which states that its authorities agree with the latest draft proposals by the guarantor countries.

Colombia

Report on U.S. Conditions for Drug Flight Certification

PA0802042795 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 8 Feb 95

[Report by Marta Rojas; from the "24 Hours Newscast"]

[FBIS Translated Text] [Unidentified announcer] Colombia's certification has depended on the results the Colombian Government has obtained in its struggle against the Cali Cartel, as confirmed by a document which was issued by the administration of Bill Clinton and which was received by former President Cesar Gaviria eight months ago.

[Rojas] The conditions to which Colombia has been submitted since last year to obtain the certification were specific: the capture of members of the Cali Cartel. This was made known to the Gaviria administration. A document obtained by "24 Hours" stated the continuation of positive efforts directed at the dismantling of such organizations as the Cali Cartel and the arrest of the drug barons will form the basis for the evaluation for next year's certification, based on binational cooperation agreements.

The same document issued by the U.S. Embassy in Colombia has expressed discontent over the handling of the surrender policy which was implemented by Prosecutor de Greiff. The document stated: The evidence presented by the United States through the Prosecutor's Office and the nonuse of that evidence to effectively prosecute well-known drug traffickers have caused a growing concern within the U.S. Government and has led to the halt of that cooperation.

The document has described Colombia as an important center to launder dollars as well as a drug trafficking center, where the penalization of money laundering is urgently needed.

It is curious the U.S. Government assured in the same document that the counternarcotics struggle is a joint effort, but at the time of looking at the results, Colombia is the only one responsible.

Samper Pledges To Eradicate Illegal Drug Plantations

PA0802034795 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 8 Feb 95

[Report by Raul Gutierrez from the "24 Hours Newscast"]

[FBIS Translated Text] President Ernesto Samper pledged to the United States today to eradicate illegal drug plantations in two years through Operation Blaze [operacion resplandor].

We pledge to end illegal plantations in two years. According to President Samper, his administration will faithfully comply with 10 commandments against drugs: 1. eradicate illegal plantations in two years; 2. support an alternate development plan; 3. frontally attack the processing laboratories; 4. destroy the internal and external distribution systems; 5. halt money laundering; 6. prevent domestic consumption; 7. rebroach the surrender policy; 8. change the administration of justice; 9. go after the cartels; 10. make the international community assume its responsibility:

[Begin Samper recording] Colombia accepts all the international cooperation provided to carry out its counternarcotics policy only by starting from the recognition of its sovereign right to establish it. [applause] [end recording]

In the presence of U.S. Ambassador Myles Frechette, the president assessed the results achieved in the application of the 10 commandments, beginning with the eradication of 6,950 hectares of illegal crops:

[Begin Frechette recording, identified by caption] I believe the president's speech was a very good one, excellent for the international community and, as he himself said, even for the United States. That is all I have to say, thank you very much [end recording]

The Colombian authorities now seem more optimistic about obtaining a good conduct certificate regarding their counternarcotics struggle.

Police Inspector Defends Struggle Against Drugs

PA0802022195 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 8 Feb 95

[Report by Alvaro Ayala; from the "24 Hours Newscast"]

[FBIS Translated Text] General Carlos Alberto Pulido Barrantes, inspector of the National Police, has said the counternarcotics group will continue working with or without U.S. aid.

The police inspector defended Colombia today against the U.S. Government's accusations regarding the struggle against drugs. He said the police counternarcotics group has more than sufficiently done its duty in carrying out the plans established in this regard. Pulido Barrantes said that the statistics available to the police contradict what U.S. Ambassador Myles Frechette has stated but that Colombia will continue facing the drug trafficking mafias with or without U.S. aid:

[Begin recording] [Pulido] I believe the police have done more than enough. If it all depended on that, there would be no problem. The police have done their duty. The government and the country are doing their duty in an exceptional way, and I believe that would be enough.

[Ayala] What will the National Police depend on with regard to the aid in helicopters, specialized training, communications, and so on?

[Pulido] The government has been very clear today, stating that the National Police and the national government are going to continue this struggle with or without aid. [end recording]

He also considered the possibility that President Bill Clinton will deny the certificate of good conduct to Colombia as remote.

Ecuador

Duran-Ballen Reviews Results of Regional Trip

PA0802030095 Quito Radio Network in Spanish 0112 GMT 8 Feb 95

[Statement by Ecuadoran President Sixto Duran-Ballen to unidentified reporters at Government Palace in Quito; broadcast in progress—live relay]

[FBIS Translated Text] ...the countries, not even the authorities, were aware of the existence of a geographic reality that made it impossible to execute the protocol in the southwestern part of the line, in the country's southeast. The fact that all the events taking place were being distorted, even believing that some of the sites defended by Ecuadoran soldiers had been abandoned, made me see that, given that the country's future is in the hands of the guarantor countries, I needed to make this decision, which appeared to be sudden but was quite well considered, to make this trip to visit the three Latin American presidents who are serving as guarantors.

These have been 53 very busy hours. I have been absent from the country 53 hours. Whether I live a short or a long time, these 53 hours will be unforgettable. They will be unforgettable because of the emotion I felt in these three countries, among the biggest in Latin America, when I realized that the hearts of these Latin Americans are beating alongside Ecuador. I felt it in the streets of these cities. By the way, I arrived in Brasilia late at night. I felt it from the people at the airport, and the next day from the people who learned of my presence. In Buenos Aires and Santiago, in daylight, there were great demonstrations, not only by Ecuadoreans living there but also by Argentine and Chilean citizens, just like the Venezuelans did in Cumana, cheering Ecuador and welcoming its president. In Santiago, I was very moved by the fact that some 100 Ecuadoreans, accompanied by many Chileans, forced me to stop as I entered La Moneda Palace to respectfully listen to our national anthem sung by those [words indistinct] Ecuadoreans.

My trip was necessary. My trip was necessary because it allowed me to hold working sessions with each of the three presidents and some of their foreign policy aides, including in two cases—excuse me, in three cases—the deputy ministers who had attended the meeting held (?hours earlier). In the case of Brasilia, [words indistinct] had already gone to his usual workplace, and in the case of Argentina and Chile, the respective presidents had asked their deputy foreign ministers to return so they could join the meeting with the Ecuadoran president.

My presence was useful because I was able to directly explain to the presidents in detail the meaning for Ecuador of [words indistinct] process in its territory throughout its history, the meaning of the 1942 Protocol, when 55 percent of the country was cut off, and what it might mean if there were a restatement [replanteo] of a line arbitrarily set by our neighbors that was not the result of any court decision and which therefore would not be valid because it would not be a joint decision, either.

I then explained what has happened. It is odd that even at this high level, some officials of these three countries had the idea that we were the aggressors. I had to give them the same explanation of events, and I had to ask them the same question I asked international journalists in Cumana, and the same question I asked in the three capitals I visited.

I told these journalists that I could name 10 Ecuadoran sites that had been repeatedly attacked by Peru, and that there was not a single place...[pauses] and I was not referring to statements or bulletins issued by our troops at the site of the events but to the areas covered by the news media.

Names like Condor Mirador, Coangos, Tihuinza, Base Sur, Teniente Ortiz, Soldado Monge, Etza, and Tayo are names that are already engraved in the memories of all reporters, not only Ecuadoran journalists but reporters from all over the world, from countries that take an interest in events in other Latin American nations.

I had to ask ranking officials from these three governments if they could name a single place, (?at least) one place in Peruvian territory that had been touched by Ecuador, and will ask the same question of you. Who among you can name a single Peruvian site that was touched by Ecuador? There has not been a single site. Therefore, proof of this lies not in what I say or what the Armed Forces says but in what the international media have reported. If the sites attacked are exclusively Ecuadoran, and if only Ecuadoran sites have been attacked, it means that someone attacked us. We have not staged an attack against ourselves.

It is common knowledge that Peru, first with ground patrols, later with helicopters, and finally with airplanes, attacked and bombed these sites. I have come to explain and deny, first of all, suggestions that Ecuador may have caused this incident.

I was asked somewhere if this incident could have been prompted by the neighboring country for political purposes, and I said then and will repeat now, before Ecuadoran [words indistinct], that I believe it would be shameful to even admit that someone would have tried to use a [word indistinct] like this for political purposes. It would truly be a shame if this had been perpetrated for political purposes, endangering human lives, even from the other country. I refuse to think that this conflict is politically motivated. At any rate, this is a situation that Ecuador has endured throughout its 175-year history.

Peru had presented a final proposal for a possible cease-fire document. I must remind you, because it was so widely announced in Brasilia where the guarantors are meeting, that the cease-fire was to go into effect in the two countries on 31 January.

Effectively, on the night of 30 January, a document was agreed upon. The only thing missing was to set the time for the following day, 31 January, when the cease-fire would go into effect. To this day that has not happened because modifications were introduced here and there to the text, and naturally, on every occasion [words indistinct] accept the text. We are entitled to this, particularly as it refers to two persons arriving at an agreement on certain issues. To this date we have not been able to come to an agreement on this document. That was another reason why I wanted to present the three presidents with the Ecuadoran observations on the document. This simply meant that the document should be a useful instrument for a cease-fire, the objective of which would not only be to cease all hostilities but to serve as an opening for us to eventually sit at a table, discuss the problem based on geographic reality, and try to find, together with the guarantor nations, the best road to a definitive solution.

Many people, and I think even some Ecuadoran countrymen, believe we should sign an immediate cease-fire, one way or another. If the Ecuadoran Government were to sign a document only with a cease-fire in mind, we would not be honoring our responsibility to categorically protect the country. It is not just a matter of ensuring a cease-fire today or tomorrow but of guaranteeing that future generations will not have think about this permanent threat.

If anything useful is to come out of this situation, it will be that at last the guarantor nations have met with both nations involved in the Ecuadoran-Peruvian conflict to seek a solution.

For obvious reasons, since it is in the hands of the guarantor nations, I cannot go into detail about the document I am handing out to you or about Ecuador's contributions. However, I would like to assure you that at every moment, what I said about looking after the future of our children and grandchildren is what encouraged the Ecuadoran Government, the National Security Council, and the president of the Republic, to ensure that this document would not represent the same thing it did in the past: a withdrawal. Ecuador will remain in place.

From the first moment, and I would like to bring this to your attention, I said that the cease-fire should be unconditional and that the only condition should be that observers from the guarantor nations should verify compliance with the cease-fire. From the very beginning, Peru refused to accept that condition. Therefore, in the name of the Ecuadoran people, I must make sure that we have those observers so if the cease-fire does go into effect in a few hours, as we all hope, someone will agree to verify that neither of the two countries are breaking their word.

We were not the aggressors, and we do not plan to [word indistinct]. However, we do intend to resist any attack. Our soldiers, with great patriotism and with the recognition of all of us and the other governments, are responding patriotically by maintaining their positions at the risk of their very lives. In addition, they plan to remain there. They plan to remain there because they are aware that they can count on the support of all Ecuador.

As was demonstrated by the [words indistinct] during my arrival at the airport, all the way along the route from the airport to the Presidential Palace. Although I undoubtedly appreciate the people's support, I do not take it as personal support. I accept it as support from the Ecuadoran people for their soldiers. Soldiers and citizens are part of the same thing. We all have sons, brothers, husbands, and fathers over there. I told those people that here is [words indistinct] with Ecuador permanently supporting their actions, and the decisions which the government over which I preside has been making in their name.

I personally acknowledge what that means, which reaffirms that what we are doing is what we must do. We are determined to remain in our position. I want to send, through the defense minister, the gratitude of all the Ecuadoran people to the Armed Forces for what they are doing in our name at the border. I would like to express my appreciation to the foreign relations minister for [words indistinct] the tremendous efforts the diplomatic corps is carrying out at the negotiating table. We all have our parts to play, even the media, which is to transmit the image of a country that is braving an aggression with dignity. As long as the support of the Ecuadoran people and the media continues, we will gain strength from our soldiers at the border, which will allow the government to continue with the honorable and [word indistinct] position as is our right. Thank you very much and good night.

Government Proposes 'Minor Reforms' to Cease-Fire Accord

PA0702154895 Quito Voz de los Andes in Spanish 1432 GMT 7 Feb 95

[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen stated today that the government has proposed minor reforms to the cease-fire accord with Peru, presented by Argentina, Chile, Brazil, and the United States. He asserted that the document could be signed in a matter of hours.

In statements made over the telephone to an Ecuadoran television station from Santiago de Chile, Duran-Ballen added that the cease-fire will be achieved if there is goodwill in Peru and if the guarantor countries—the aforementioned four countries—carry out their task in an impartial manner.

In the last 24 hours, the Ecuadoran president has met with his colleagues from Argentina, Brazil, and Chile—Carlos Menem, Fernando Henrique Cardoso, and Eduardo Frei, respectively—to explain to them personally his position on the conflict with Peru, which today marks 13 days. Duran-Ballen remarked that together with his personal visit, Ecuadoran Congress President Heinz Moeller traveled to the United States to present the Ecuadoran position to the U.S. Congress.

The problem must be divided into two parts: First, establishing the cease-fire as soon as possible, with the clearest conditions that will allow us to maintain our rights; and second, we must reach a fair solution that recognizes a geographical reality, the Ecuadoran president stressed.

Duran-Ballen emphasized that the Ecuadoran viewpoint has been presented to the guarantor countries, which are juridically connected to this case as the signatories to the 1942 Ecuadoran-Peruvian Border Agreement, as well as to all international organizations. This was done to allow Ecuador to resolve the conflict.

The president expressed hope that his trip and the presentation of Ecuador's position will allow guarantor countries to obtain Peru's acceptance of the cease-fire document as amended. This, he assured, will include in the agreement the viewpoints of both countries, and a cease-fire may be reached in the next few hours, either today or tomorrow. This will result in an end to the bloodshed, the Ecuadoran president concluded.

Duran-Ballen To Present Cease-Fire Counterproposal 'Today'

PA0702193495 Quito Voz de los Andes in Spanish 1719 GMT 7 Feb 95

[FBIS Translated Text] Ecuador today will present a proposal for an immediate and unconditional cease-fire to the border war conflict it maintains with Peru, President Sixto Duran-Ballen has announced.

The president said the Ecuadoran position consists of three or four observations [observaciones] on a proposal drafted by Argentina, Brazil, Chile, and the United States that was bogged down last Saturday.

Duran-Ballen made statements to a Quito radio station from Santiago minutes before boarding a plane to return to the capital, following a quick trip to Brazil, Argentina, and Chile.

Although he gave no details on Ecuador's counterproposal, the president pointed out that an unconditional cease-fire must be reached; a cease-fire recognizing that there is a problem and reflecting the countries' demands for a definitive solution.

He said that the Ecuadoran observations were explained in detail during urgent and extensive meetings he held with his colleagues Fernando Henrique Cardoso in Brasilia, Carlos Menem in Buenos Aires, and Eduardo Frei in Santiago.

Ecuador To Deliver Amendments to Draft Agreement

PA0702205695 Quito Voz de los Andes in Spanish 1948 GMT 7 Feb 95

[FBIS Translated Text] Good afternoon. We are here at the Government Palace to announce the latest reports given by the National Communications Secretariat.

Ecuador is preparing to deliver at 1800 hours Brazilian time, that is, 1500 hours Ecuadoran time [2000 GMT], the amendments to the draft agreement presented by the guarantor countries to the Ecuadoran and Peruvian diplomats who met in Rio de Janeiro. According to an official report given by Foreign Minister Galo and distributed in a written bulletin at 1330 hours Ecuadoran time, these amendments have been organized according to the instructions given by the Ecuadoran Government and will be delivered in accordance with the instructions from President Sixto Duran-Ballen from Santiago, Chile [words indistinct] at the Brazilian Foreign Ministry in Brasilia. The foreign minister said he was hoping the conversations will continue once this step was taken and lead to the end of hostilities and a peaceful solution to the Ecuadoran-Peruvian conflict.

Defense Ministry Denies Military Detachments Taken Over

PA0702141195 Quito Voz de los Andes in Spanish 1200 GMT 7 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] For the nth time, the Ecuadoran Defense Ministry has reiterated that the country's military forces maintain control of the Coangos, Cuevas de los Tayos, Tihuinza, and Base Sur Detachments. The ministry insists that the Peruvian reports on the occupation of the Ecuadoran detachments are not true and once again points out that Peru is disinforming by reporting events that have not actually taken place.

Despite the fierce Peruvian attacks against the Ecuadoran Tihuinza and Condor Mirador Detachments, our military controls the area and has not withdrawn a single centimeter. Tihuinza has been a difficult target for the Peruvian forces, which have tried since last week to occupy it to no avail. The Peruvian military admits that it is difficult to reach that point.

Ecuadoran Defense Minister Jose Gallardo has flatly ruled out that Tihuinza has been taken over and insists that we continue firm in our positions.

Armed Forces Communique Updates Conflict Situation

PA0702191795 Quito Voz de los Andes in Spanish 1700 GMT 7 Feb 95

[Official Bulletin No. 18 issued by the Joint Command of the Ecuadoran Armed Forces on 7 February, read by reporter Marco Bravo from the presidential palace; from the "The Voz Andes Newscast"—live relay]

[FBIS Translated Text] The Joint Command of the Ecuadoran Armed Forces hereby reports to the nation:

1. In view of the repeated reports issued by the Peruvian Government on the recovery [recuperacion] of the Ecuadoran detachments in the conflict area, this command emphaticaly denies such a situation and reports that all positions remain unchanged, having successfully repelled all attacks launched by Peruvian patrols.

2. Likewise, our Air Force and Army Air Corps have not conducted any incursions over Peruvian settlements or the civilian population in the conflict area, as Peru is reporting in an ill-intentioned manner.

3. Confrontations between Ecuadoran and Peruvian patrols continued throughout yesterday afternoon and night all along the area of conflict. No casualties among our troops have been reported so far.

[Signed] The Joint Command of the Ecuadoran Armed Forces.

[Dated] 7 February 1994.

Armed Forces Notes Compliance With Geneva Convention

PA0702193995 Quito Voz de los Andes in Spanish 1730 GMT 7 Feb 95

[Report on an Armed Forces Bulletin; from the "Voz Andes Newscast"]

[FBIS Translated Text] An official statement released in Ecuador says the condition of the two Peruvian soldiers captured by Ecuadoran troops is subject to the 1949 Geneva Convention, which governs the protection that warring armed forces must provide for the wounded, sick, shipwrecked, prisoners, and civilians. An Armed Forces communique states that the two Peruvian prisoners will be allowed to send mail to their relatives in coordination with the International Red Cross. The Armed Forces also noted that they have given instructions for the timely disclosure of information regarding those killed in action along the Ecuadoran-Peruvian border, the return of their personal belongings, and the burial of their bodies, if and when operational conditions allow.

[Madrid EFE in Spanish at 1718 GMT on 7 February, in a similar 150-word Quito-datelined report, adds that, in fact, "those killed in action are buried on the battlefield. Ecuadoran troops in the field bury their dead comrades and fallen Peruvian soldiers with military honors and mark the graves, due to the difficulty in evacuating the dead and to prevent epidemics. The official communique says that these places will be identified once the conflict is over."]

Five Peruvian Soldiers Said Killed in Recent Clashes

PA0702191895 Quito Voz de los Andes in Spanish 1748 GMT 7 Feb 95

[FBIS Translated Text] Five Peruvian soldiers died in new clashes with Ecuadoran troops in the armed conflict in the Amazon border region, a military source has reported in Quito. The clashes took place in the Cenepa river valley during an attempt by the Peruvian troops to occupy Ecuadoran positions, according to the source. We have confirmed five casualties among the Peruvian Army during clashes in the past few hours in the Cenepa river valley, an Ecuadoran officer said. He added that an Ecuadoran soldier was reported missing and admitted the possibility that he could have been killed in action.

Government Denies Troops Mined International Bridge

PA0802025895 Madrid EFE in Spanish 2334 GMT 7 Feb 95

[FBIS Translated Text] Quito, 7 Feb (EFE)—Today the Ecuadoran Government "emphatically" denied that its troops deployed along the border with Peru mined the Huaquillas international bridge, the only border passage between the two countries, and that one person died as a mine exploded.

According to a communique from the Ecuadoran Foreign Ministry, Lima media reported that one Peruvian tradesman died as a mine placed by Ecuadoran soldiers at the Huaquillas Bridge, located along the southwestern border with Peru, went off.

In the same communique, the Foreign Ministry confirmed the death of one Peruvian civilian in Ecuadoran territory as a mine went off, but it said this explosion did not take place at the Huaquillas Bridge. The death of this tradesman, according to the report made public in Quito, occurred one week ago as he was trying to illegally enter Ecuadoran territory.

In addition, the Ecuadoran Foreign Ministry reported the Huaquillas Bridge remains open to traffic and international trade.

Defense Minister Confirms 11 Casualties, 26 Wounded

PA0802040195 Mexico City NOTIMEX in Spanish 0054 GMT 8 Feb 95

[FBIS Translated Text] Quito, 7 Feb (NOTIMEX)—Defense Minister Jose Gallardo on 7 February reported that the number of Ecuadoran casualties in the current armed conflict with Peru at the eastern foothills of the Condor Mountain Range increased to 11 and that 26 people are wounded and two are missing.

"We refuse to be proud of Peruvian or Ecuadoran deaths," the minister said as he commented on reports from Lima that Ecuador has sustained a large number of casualties. "We are not attending a sporting event but a painful drama," he added.

Gallardo made these statements at the Quito airport while he was awaiting the return of President Sixto Duran-Ballen from Santiago de Chile, his last stop on a tour that also took him to Buenos Aires and Brasilia to explain Ecuador's position on the conflict.

"We refuse to humiliate the Peruvian Armed Forces or people; we only want the rights of our fatherland to prevail," Minister Gallardo said.

"We have not attacked anyone; we were attacked. Had these attacks stopped, the confrontation would have ended by now," the Ecuadoran defense minister emphasized.

On 7 February, Peruvians subjected the Ecuadoran troops deployed in the area of combat to "intense pressure" because of the "their strength," the military officer said, adding that they have successfully resisted and are holding their positions.

Gallardo explained that the number of clashes near Tihuinza has increased. "We have been successful there, and we are completely controlling the area," he indicated, while unofficial reports stated that Peruvian forces had taken over this detachment.

The defense minister also reported that on 7 February there were confrontations in Coango, Cueva de los Tayos, and Base Sur.

Ecuador and Peru have been engaged in an armed conflict since 26 January due to a border dispute at the Amazonian Condor Mountain Range.

Defense Minister Reviews Developments of Conflict With Peru

BR0702142395 Madrid EL PAIS in Spanish 7 Feb p 4

[Report on interview with Ecuadoran Defense Minister Jose Gallardo by Juan Jesus Aznarez in Quito: date not given: "Peru Deploys Units Which Fought Against Shining Path"]

[FBIS Translated Text] Quito—General Jose Gallardo, Ecuadoran defense minister, denies that his country began the conflict with Peru, and accuses that nation's Armed Forces of using natives as canon fodder. The 57-year-old Gallardo has a son (an Army captain at the front) and claims not to know his current posting and not to have inquired about him, "in order not to favor him above the other combatants." At a briefing with a group of foreign correspondents, the minister said that he knows that "Peru has deployed on the dividing line units which fought against Shining Path, and there is another thing which must be mentioned: They are sending around four or five natives ahead of those patrols. Those natives are in extremely grave danger because of the mines and traps. They are doing that. I do not know whether they are taking them as shields or as guides, but that is happening." The minister, with a pointer and 10 maps of the theater of operations (a forest and mountainous area), evaded questions about troop movements. He gave these casualty figures: 10 servicemen killed, 17 wounded, and two missing.

[Question] There are serious doubts about who provoked this crisis.

[Gallardo] We have been asking for it to be monitored. Foreign journalists have seen the damage caused by the attacks. It is clear: If the damage is at your house and you have not left your house in order to attack the neighboring house, it is easy to know who is attacking.

[Question] Peru accuses Ecuador of misinforming the world and having prepared everything in advance.

[Gallardo] Our information policy is one of openness. Even in normal times we are open to the news media. If Ecuador had Peru's military resources in equipment, the number of personnel, aircraft, submarines, and the number of tanks, the world could believe that we have prepared for a war against Peru. But are we crazy? What we have learned for years is to defend ourselves with our limited resources.

[Question] What is the correlation of forces on the border?

[Gallardo] Peru has greater strength, but we believe that we can defend the sector with the strength which we have there.

[Question] It seems clear that Peru would win an open war.

[Gallardo] You never can tell; there are a number of imponderables in the way. It is not always a sum of two plus two. You cannot tell.

[Question] Why did you not endorse the peace proposal signed by Peru?

[Gallardo] What I know is that Peru wishes to place its troops which have approached our detachments in order to attack us in the same position as ours, which were in a defensive position. In our opinion, the sensible thing is for the forces which have come against our detachment to return and for the Peruvian and Ecuadoran detachments which were there in peacetime to remain in place.

[Question] When did you learn that the armed clashes had begun?

[Gallardo] The first incident was 12 December. We took the necessary precautionary measures. On 9 January we surprised a four-man Peruvian patrol which had infiltrated.

[Question] And then?

[Gallardo] Two days later, we again surprised an infiltrated patrol of 10 or 11 men; it was challenged, and they responded by opening fire. There was an exchange of fire and they scattered. We allowed the Peruvians to pass through the Cueva de los Tayos and enter to search for their scattered personnel. Helicopter gunships began flying over the sector on 21, 22, and 23 January, and we warned them. Another infiltrated patrol was surprised 26 January, and an engagement took place. They attacked again the following day.

[Question] To what are you referring when you speak of "massive attacks?"

[Gallardo] In relation to the area attacked, we deem it a massive attack when they send four, five, or six helicopter gunships—considerable firepower. They also fire their weapons and reload them.

Newspaper Reports $10 Million Spent Daily on Conflict

PA0802014895 Quito Voz de los Andes in Spanish 2300 GMT 7 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuador faces $10 million in military expenditures per day as a result of the border conflict with Peru, according to private estimates reported today by the newspaper EL COMERCIO.

Economic authorities consulted today remained silent about the cost of the two-week-long armed confrontation along the Amazonian border. In the most recent reference to the delicate issue, Ana Lucia Armijos, president of the Monetary Board, the highest official economic body, said on Monday she did not have figures or estimates available regarding the military operations in the conflict area.

Nevertheless, the influential newspaper EL COMERCIO reported that economic analyst Alberto Acosta said the country is spending $10 million a day on the mobilization, sustenance of troops, replenishment of supplies, and shipment of equipment to the remote combat area. Acosta said this estimate covers direct expenses and does not include indirect costs such as the loss of profits in production and commercial activities.

The government of President Sixto Duran-Ballen, taken by surprise by the outbreak of hostilities without sufficient financial resources, issued a number of special measures last week to obtain emergency funds, which included a special tax on the circulation of vehicles, a 2 percent tax on the salaries of government and private workers, and the elimination of value-added tax exemptions.

Public Works Ministry Equipment Placed at Army's Disposal

PA0702185495 Quito Voz de los Andes in Spanish 1700 GMT 7 Feb 95

[Report from the Presidency; from "The Voz Andes Newscast"]

[FBIS Translated Text] In light of the current emergency faced by the country, the Ministry of Public Works and Communications has ordered that the Ministry's personnel, equipment, and road machinery be transferred to the Ministry of National Defense as long as the emergency decreed by the government lasts, Public Works Minister Pedro Lopez Torres said.

Should it be necessary, all the available personnel, as well as the existing machinery nationwide, will be at the disposal of the government and Armed Forces so as to cooperate and stop the aggression against our Ecuador.

The decision made by the state secretary is aimed at helping the country defend the national territory, in light of the ominous attack of the Peruvian rulers and Army.

Therefore, the Ministry of Public Works and Communications has placed at the disposal of the National Defense Ministry 83 pieces of machinery that include the following: tractors, trucks, dump trucks, bulldozers, and steamrollers. The equipment will be sent to the Provinces of Loja, El Oro, Guayas, Tungurahua, and Manabi.

Minister Lopez reaffirmed his support and assistance to the government and Armed Forces, as well as his total support for the decisions made at the diplomatic and military level to preserve the territory the neighbor to the south is trying to seize from Ecuador.

Paraguay

Interior Minister Confirms President Receives Death Threats

PY0702123695 Asuncion ABC COLOR in Spanish 7 Feb 95 p 9

[FBIS Translated Text] Interior Minister Carlos Podesta said on 6 February: "We are experiencing a wave of threats in this democratic transition." He added that there are always some silly fools prepared to make threats. He stressed: "The president of a country is always exposed to the anger, reaction, or vengeance of the spurious interests of those who are unable to act as they please."

The minister confirmed last night at Mburuvicha Roga [presidential residence] that the president has received death threats, although he did not specify from which sector. He did not provide names. He did not reject the fact that the threats could come from abroad. Moreover, he did not mention any one country. He added that he personally receives phone calls of this type at least once or twice a week. The interior minister thus confirmed a report published by the U.S. newspaper THE WASHINGTON POST on 3 February which stated that President Juan Carlos Wasmosy himself said he had been sentenced to death and that the sentence will be carried out this March. The article is signed by the journalist Gabriel Escobar. He referred to a "confidential report" that was released by the chief of state himself.

Podesta said: "The president of a country is always exposed to the anger, reaction, or the vengeance of the spurious interests of those who are unable to act as they please." Asked from where the threats were coming, Podesta said that as they are anonymous one does not know whether to give them credit. "It is the obligation of those who deal with state intelligence services to take them seriously. Obviously we have implemented the level of vigilance that experience recommends and the vigilance that the president allows us, because he (Wasmosy) is very reluctant to use many guards," the minister said.

When it was mentioned that this is not the first time President Wasmosy has received threats, Podesta added that unfortunately this is so. He added that hopefully they are just threats by people who are angry because they cannot act as they please.

He stressed that the security organizations are closely following events and that the investigation will continue in order to seek and identify those who are allegedly responsible.

"There are so many silly fools in the world that one cannot say from where something is going to hit us. The threats can come from anywhere."

Peru

Foreign Minister Rejects Ecuadoran Proposals

PY0802031195 Lima America Television Network in Spanish 0144 GMT 8 Feb 95

["Exclusive" interview with Peruvian Foreign Minister Efrain Goldenberg by America Television announcer Pablo Cateriano, held "minutes before" the "Primera Plana" newscast; place not given—recorded]

[FBIS Translated Text] [Cateriano] Sir, we have learned that the Ecuadoran Foreign Ministry has submitted a counterproposal to the guarantor countries in Brazil, because Ecuador had refused to sign the guarantor countries' proposal.

In this counterproposal Ecuador states, among other things, that the guarantor countries have committed themselves to safeguarding the fulfillment of this pledge through military observers. These observers will be located in the demilitarized zone until negotiations are held and eventual agreements are reached, while Ecuador will maintain civilian and police authorities in Base Sur and Tihuinza.

Another item in this counterproposal states that the already mentioned Coangos and PVI [Observation Post 1] Soldado Pastor, as well as the other permanent peacetime detachments of the two countries, will remain at their current positions.

This is a two-page document. Has Peru already responded to this counterproposal?

[Goldenberg] Well, first I would like to refer to the previous proposal that was submitted by the guarantor countries. This proposal was immediately approved by Peru. This proposal was the result of four or five days of difficult and arduous negotiations, throughout which the guarantor countries and the delegations of the parties involved made a great effort.

This document, which was accepted by Peru, was also submitted to Ecuador, but its officials said they needed more time to think it over.

[Cateriano] And it seems that during this time they drafted this counterproposal.

[Goldenberg] Well, it took them a couple of days to draft a completely impertinent proposal. The main points of the agreement approved and submitted by the guarantor countries basically encompassed a cease-fire—as is logical; the withdrawal of forces; the demilitarization of so-called conflictive areas; and the detachment of observers from the guarantor countries. Moreover, this entire process would lead to the implementation of the mechanisms encompassed in the Rio de Janeiro Protocol. Ecuador refused to sign it. Ecuador submitted this new document to the Brazilian Foreign Ministry just a few hours ago. We believe this new counterproposal is completely impertinent. The Peruvian Government immediately rejected it. In addition to referring to terms or conditions which at a given time were raised by them in Rio de Janeiro, and which were categorically rejected by both Peru and the guarantor countries, this new counterproposal intends to maintain an official Ecuadoran presence in Peruvian territory.

[Cateriano] Why do you believe the Ecuadoreans have done this?

[Goldenberg] Well, in truth it is difficult to understand their reason for doing this. Nevertheless, I want to make it perfectly clear that throughout the negotiations—and not only at the end of the negotiations—Peru has never been willing to allow the presence of Ecuadoran soldiers or civilian government personnel in Peruvian territory. This is what I want to make perfectly clear. In view of the fact that this document encompasses this concept, Peru has rejected it ipso facto.

[Cateriano] Sir, let us review another issue, which is also one of great concern to us all, that is, the fate of Peruvians in Ecuador. What is the situation of Peruvians in Ecuadoran territory? There have been reports of ill treatment. What is their current situation?

[Goldenberg] It is an unfortunate situation. It does no good to admit that this is not the first time it has happened. On previous occasions we have witnessed similar situations. Years ago I remember having heard about the ill treatment of Peruvians in newscasts; seen it in graffiti; heard it from eyewitnesses. Unfortunately, this is also happening again this time.

We have adopted appropriate measures in this regard. We have protested before Ecuadoran officials, and we have pointed out to them the importance of being careful with the treatment of the civilian population. I believe that on our side we have adopted the necessary measures to avoid any excesses in Peruvian territory.

[Cateriano] Has Peru adopted any measures to offset what some foreign journalists have referred to as an Ecuadoran news offensive?

[Goldenberg] Yes, I can assure you that we are assisting the Peruvian and foreign media. All the pertinent activities will be coordinated through Promperu [not further identified].

As I have already mentioned, there is information and disinformation. Undoubtedly the media are entitled to be informed, and we do not question the media's right to be informed. We want, however, to maintain this information within a serious, respectable, and dignified framework. We will make every effort to achieve this.

[Cateriano] Yesterday in our newscast we reported on the treatment granted to foreign journalists in Ecuador.

A news office has been established. They have been equipped with (?special edition departments) and even free satellite space shared by all journalists covering the events. They are granted interviews, and journalists would rather cover the war from Ecuador than from Peru. Obviously the slant of the news is different when you are in a given country. This is what I meant. Will Peru establish an office of this kind?

[Goldenberg] We will grant facilities. I cannot go into detail about the kind of facilities we will grant, but I wish the people could understand that Peru has always maintained a different position than that of Ecuador.

We have always upheld the Peruvian position based on our rights and the upholding of international agreements. We respect international agreements. We have a property title on the lands that Ecuadorans intend to claim.

Ecuador's case is different. For many years they have had this illusion and ambition, which is the basis for a propaganda mechanism. We Peruvians have not established such a mechanism because we are simply defending what belongs to us. We are not claiming something that is not ours, and there is no reason for us to establish an entire propaganda mechanism because we have never thought of invading Ecuador.

[Cateriano] You have said that we are defending that which is ours. The war is in our territory, people are dying in Peruvian territory. Is Peru planning to break ties with Ecuador?

[Goldenberg] Without minimizing the importance we grant to what is taking place, I want to remind you that this is a localized conflict. This is not a declared war. We hope this situation will be overcome soon, and that peaceful coexistence, trade ties, and all ties that should prevail among neighboring and sister nations will be maintained.

To do this we must particularly continue to carry out dialogue. We should not cease the dialogue. I believe it would be a mistake to stop this dialogue.

[Cateriano] Sir, how will all this end? Will the war end again without defining the border markers? Is Peru trying to demand that the guarantor countries fulfill the Rio de Janeiro Protocol and put a halt to the bloodshed?

[Goldenberg] Once again, I would like to reassert that it is impossible to force the guarantor countries. Undoubtedly, it is already very clear that this will not end as in days gone by. Moreover, the Rio de Janeiro Protocol was achieved in the old days. It is on this basis that we have demarcated 95 percent of our borders.

I am a northerner. I was raised in Talara, and I have visited the border area. I was there. I went to primary school in Talara. I can assure you that throughout these past 50 years Peru has not only achieved military victories, but also very important diplomatic and political achievements in its ties with Ecuador. We have 95 percent of our borders demarcated.

The current situation is occurring within a different framework than the conflict that occurred a few years ago, as this time around Ecuador has recognized the Rio de Janeiro Protocol. President Duran-Ballen's trip to three guarantor countries does nothing more than reassert Ecuador's acceptance and recognition of the Rio de Janeiro Protocol. All this should result in something more than a mere cease-fire. We believe that all this will lead to the final demarcation of the Peruvian-Ecuadoran border, but this will be done without haste, because everything must be done in compliance with the laws and the Rio de Janeiro Protocol.

The Peruvian people can rest assured that the Peruvian Government is safeguarding our borders and national integrity.

[Cateriano] Thank you very much, Mr. Foreign Minister.

[Goldenberg] Thank you.

Possible Ecuadoran Withdrawal From Tihuinza Viewed

PY0702182695 Madrid EFE in Spanish 1625 GMT 7 Feb 95

[FBIS Translated Text] Lima, 7 Feb (EFE)—Peruvian Army Command sources reported that the withdrawal of Ecuadoran troops from Tihuinza is practically "immediate."

General Vladimiro Lopez Trigoso, chief of the 5th Jungle Infantry Division, has said: "Fighting continues in Tihuinza. The Ecuadorans have suffered many casualties and are leaving their dead behind as they retreat."

Gen. Lopez Trigoso added: "All I can say is that we are advancing toward Tihuinza," despite the difficulties posed by the territory—which was mined by Ecuadoran troops.

For the first time since the beginning of the conflict, Gen. Lopez allowed the local media to speak with wounded Peruvian soldiers evacuated from Bagua, 200 km from the Condor Mountain range, where the clashes are taking place. Most of the soldiers evacuated from Bagua are suffering from serious dehydration and injuries caused by jungle thorns, shrapnel, and projectiles.

Reports spread in Lima today that at least 150 people died in the latest clashes between Peruvians and Ecuadorans. Peruvian President Alberto Fujimori said on 5 February that the dead and seriously injured totaled 22.

Some 1,500 Peruvians are attacking the Ecuadoran base in Tihuinza—a zone surrounded by hills covered with deep vegetation in a sector of the Condor Mountain range which Peruvians consider theirs.

Relief troops are arriving in Bagua from several points of Peru while other soldiers await orders from the high command to be transferred to the border with Ecuador.

Military sources have stated that clashes are taking place under sporadic but heavy rains that have turned the jungle into a fetid swamp in which dozens of bodies are floating.

The military sources added: "Intimidation bombings have opened 20-meter craters, breaking trees, and leaving wild animals stuck in the mud."

Lima newspapers report today that Tihuinza has been partially occupied by Peruvian troops, while Channel 2 television last night said Tihuinza was already occupied. These reports have not been confirmed officially, although President Fujimori on 5 February said at the front that the fall of Tihuinza was "imminent."

Fujimori is in Lima today following developments with the military commanders. No official information has been released about what is going on at the front.

It is not known if Fujimori will attend the 6-12 March social summit in Copenhagen, Denmark. Fujimori did not attend the summit of Bolivarian countries recently in Cumana, Venezuela, because of the crisis with Ecuador.

Polls are being carried out to learn the people's opinion of the conflict between Peru and Ecuador. The IMASEN [expansion unknown] polling company today reported that 81 percent of Peruvians polled believe Ecuador planned the current border incident. About 48 percent of those polled think the Peruvian Government knew what would happen and 60 percent think Peru was slow to react to the Ecuadoran invasion. Some 54.6 percent of those polled believe the diplomatic negotiations toward a cease-fire favor Peru, and 62.3 percent think the people are not receiving much information on the conflict.

Peru Controls 80 Percent of Tihuinza; Ecuador Bombing Posts

PY0702210995 Lima Radio Programas del Peru Network in Spanish 2018 GMT 7 Feb 95

[Live telephone relay by Jorge Fernandez Sanchez from Bagua]

[FBIS Translated Text] General Vladimiro Lopez Trigoso has left the El Milagro military camp for the El Valor heliport, where three airplanes of the Peruvian Air Force have arrived. Officers from the Peruvian Air Force stationed in Chiclayo also arrived in a helicopter. They are now meeting with the chief of the Peruvian Army 5th Jungle Division. The identity of the Air Force officers is not known. It was learned that they are high-ranking officers from Lima. Apparently their presence has to do with the air raids on the Tihuinza base, where the Peruvian forces have control of 80 percent of the base, and Ecuador 20 percent of the mined fields. An offensive strategy has been drawn to destroy the mine fields set up by the invaders to protect themselves from persecution. It was reported that the air raids are increasing, as there is a strong military deployment in front of the El Milagro military camp. It was learned from reliable sources that the Ecuadoran Air Force has begun bombing the PV-1 watch post near Cueva de los Tayos with the purpose of recovering Base Sur, which was taken over by the Peruvian Forces. The Ecuadorans are also trying to retake Cueva de los Tayos in addition to Base Sur, which are in Peruvian territory.

I will have more information at any time, as this reliable information made many reporters here in Bagua become eager to get further information. A few minutes ago many reporters saw that seven wounded soldiers had been transferred by helicopter to Lima. The wounded soldiers were taken from the El Milagro military camp, and this is where we learned about the Ecuadoran air raids.

Air Force Communique Reports Missing Helicopter

PY0802012395 Lima Radio Programas del Peru Network in Spanish 0051 GMT 8 Feb 95

[FBIS Translated Text] We have just received this information, an official communique from the Defense Ministry-Armed Forces Joint Command:

At 1430 today a Peruvian Air Force [FAP] helicopter on a supply mission suffered an accident and disappeared in the conflict zone, inside Peruvian territory. The crew was made up of Commander FAP Marco Antonio Schenoni Oliva, pilot; Lieutenant FAP Raul Vera Coyaguaso, co-pilot; and First NCO Erik Gilberto Diaz Cabrel, mechanic.

The Armed Forces Joint Command, in coordination with the Air Force High Command, has ordered search and rescue operations to begin.

Armed Forces Joint Command communique.

Ecuadoran Security Agents 'Brutally' Attack Peruvian Reporters

PY0802120495 Lima Radio Programas del Peru Network in Spanish 1000 GMT 8 Feb 95

[FBIS Translated Text] Jose Marino, special correspondent for Radio Programas and Panamericana Television, and cameraman Carlos Maurolia were brutally attacked in Quito by a large number of alleged Ecuadoran security agents.

Marino and the cameraman were violently attacked by about eight individuals wearing camouflage trousers and military boots between 2015 and 2030 as they were leaving the Ecuadoran telecommunications enterprise, Emetel, in Quito, after sending a report via satellite.

The attackers, of which Jose Marino recognized two who have been following him for several days, used sticks and tear gas bombs to beat them for some 10 minutes. They then seized the journalists' tapes and equipment.

EFE correspondents saw that Marino and Mauriola's faces were covered in blood, bruises, and were swollen.

Our colleagues have also reported that despite various protests, there are still no guarantees for Peruvian journalists to carry out their activities as Ecuadoran journalists do in Peru.

In protest over this incident, the correspondents of Peruvian television channels 2, 4, and 5 have decided to leave Quito today and return to Lima.

Uruguay

Lacalle Asks Duran-Ballen, Fujimori To End Hostilities

Phones Both Presidents

PY0802113295 Montevideo EL OBSERVADOR ECONOMICO in Spanish 31 Jan 95 p 1

[FBIS Translated Excerpt] President Luis Alberto Lacalle telephoned Ecuadoran President Sixto Duran-Ballen and Peruvian President Alberto Fujimori to ask them to end the hostilities.

This was learned through official sources, which also told EL OBSERVADOR ECONOMICO that Lacalle talked with Fujimori on 29 January and with Duran-Ballen on 30 January. [passage omitted]

Sends Letters; OAS Meeting Possible

PY0702123195 Montevideo EL PAIS in Spanish 31 Jan 95 p 1

[FBIS Translated Text] Foreign Minister Sergio Abreu reported that if the Rio de Janeiro Protocol guarantor countries (Argentina, Brazil, Chile, and the United States) fail to find a solution to the conflict between Peru and Ecuador, Uruguay will convene a meeting of the OAS Council of Ministers. President-elect Julio Maria Sanguinetti has written to Ecuadoran President Sixto Duran-Ballen and to Peruvian President Alberto Fujimori, urging them to end hostilities and begin negotiations.

Abreu stressed: "We must find a settlement for this conflict by peaceful means. It is totally groundless that, regardless of any claims, sister nations should be involved in an armed conflict and a confrontation when there is so much common ground between them and when there are so many problems we must solve together. [no closing quotation marks as published]

The letters sent by Sanguinetti to Fujimori and Duran-Ballen were identical, and read as follows:

Mr. President and dear friend,

I am most distressed to hear of the losses suffered by Ecuador and Peru—two sister nations in our hemisphere—as a result of the armed conflict between them.

I wish to tell you through this missive that it is my firm conviction that we should all contribute to find a solution to this conflict. The peaceful settlement of controversies is one of the pillars of our Inter-American system and one of the basic tenets of Uruguayan foreign policy.

Hence, I earnestly urge an end to hostilities and the opening of negotiations pursuant to international law.

I close here with friendly greetings to the people of (Ecuador/Peru).

Yours truly,

Dr. Julio Maria Sanguinetti

Uruguay Compensates Producers for Brazilian Tax

PY0702201695 Montevideo EL PAIS in Spanish 1 Feb 95 p 8

[FBIS Translated Text] The government yesterday decided to implement certain measures to compensate producers for a recent Brazilian decision to impose a 15 percent tax on various raw materials' exports. The measure significantly increases many Uruguayan industries' production costs. The executive branch decided to eliminate the tariffs imposed on those products when originating in other countries. The affected Uruguayan industrial groups will now be able to recover their lost competitiveness because the measure will reduce their production costs.

Industries Chamber President Jacinto Muxi Munoz made the announcement yesterday after participating in a meeting with President Luis Alberto Lacalle at Government Palace.

Muxi Munoz told reporters that the government decision represents good news, but the measure is not a definitive solution because a final solution will occur only "when Brazil fulfills its commitments with the Asuncion Treaty [creating the Common Market of the South, Mercosur] and understands that treaties must be respected."

The raw materials in question are used in the plastics industry. They are, among others, polyethylene and polypropylene.

Muxi Munoz said the Chamber of Industries has proposed revising Mercosur's Common External Tariff because Brazil requested a tariff level between 14 percent and 16 percent, which "is very high."

Muxi Munoz said our neighbors to the north must act in agreement with their common market partners and refrain from imposing unilateral measures that violate the Asuncion Treaty and the Customs Union created by member country presidents and implemented on 1 January.

Muxi Munoz said our government must be very strict, because Brazil announced that the export tax on those products would be temporary and will be in effect until 31 March. But this period is too long for companies facing the unfair competition of Brazilian products manufactured with the same raw materials without paying taxes.

Asked whether the Mexican crisis and its repercussions on Argentina could affect Uruguay, Muxi Munoz said Argentina seems to have solved the problem very well, and therefore we do not expect any repercussions in Uruguay.

Venezuela

Foreign Minister Calls for OAS Meeting on Peru-Ecuador

PA0802003895 Caracas EL GLOBO in Spanish 7 Feb 95 p 7

[Report by Laura Weffer Cifuentes]

[FBIS Translated Text] Venezuelan Foreign Minister Miguel Anguel Burelli Rivas has said it is urgent that measures be taken to expedite the peace efforts between Peru and Ecuador.

In this regard, he urgently called for the OAS Permanent Council to decide that a meeting of foreign ministers be held as soon as possible.

Once the guarantor countries desisted from the negotiations in Rio de Janeiro, the responsibility fell to organizations such as the OAS, which has already taken the initiative to send high-level technical observers to the conflict area and to objectively report on the situation there.

The tentative site of the meeting will be Washington. Although Uruguay had offered to be the site, access to that country is difficult due to the irregularity of direct flights.

As for the date, it is hoped that the meeting will be held this week. According to Burelli Rivas, now "is the time to set the date," given that the traditional channels were not sufficiently effective.

The OAS Permanent Council had made preparations in the event that the Rio meeting was not successful. Last week it convoked a consultation meeting but the date was left open.

This initiative was also adopted as a result of the second communique issued at the Cumana Summit by the presidents of Bolivia, Ecuador, Panama, Colombia, and Venezuela, who recommended the immediate dispatch of a technical mission to the Ecuadoran-Peruvian border.

No Exact Date for Trip to Colombia

Foreign Minister Burelli Rivas also explained that even though he said he was going to Colombia at the end of the month, that trip is dependent on Julio Sanguinetti's inauguration in Uruguay on 1 March.

"I might go to Colombia immediately before or after."

Meanwhile, diplomatic sources said the reorganization of the Foreign Ministry is not something immediate. It is a delicate, lengthy process that will take at least 60 more days.

Soldiers Patrolling Border Regions in Tachira, Apure

PA0402132195 Caracas EL NACIONAL in Spanish 1 Feb 95 p D-9

[Report by Jesus Eduardo Brando]

[FBIS Translated Excerpt] More that 2,500 soldiers have initiated patrol deployment operations along the border regions in the southwestern states of Tachira and Apure, as part of actions to prevent incursions by Colombian guerrillas.

President Rafael Caldera, in light of recent events in the area, ordered the mobilization of the Special Battalions. The measure responds to repeated terrorist actions perpetrated by subversive forces from the neighboring country. They attacked border posts, kidnapped and murdered a peasant, and killed several members of a military patrol in 1994 and so far in 1995. Last week, they attacked three employees of a state-owned oil company. One of them was executed, and let us not forget the constant kidnappings of and extortions of cattlemen and ranchers.

The Special Battalion troops began mobilizing to reinforce the task force units posted in the military zones known as 1.1 and 1.2. They will have joint ground, airborne, and sea support from the Army, Navy, Air Force, and the National Guard.

Official sources have denied that other reasons have triggered these operations. There have been no reports on similar operations by the Colombian Armed Forces, although the Venezuelan interior minister, the Colombian government minister, and the defense ministers of the two countries in 1994 signed support and cooperation agreements to face the situation. [passage omitted]

New Finance Minister Discusses Economic Issues

PA0802002695 Caracas Venezolana de Television Network in Spanish 1550 GMT 7 Feb 95

[Interview with new Venezuelan Finance Minister Luis Raul Matos Azocar by Pedro Prado at Miraflores Palace in Caracas; from "The News" newscast—live or recorded]

[FBIS Translated Text] [Prado] We are with new Finance Minister Luis Raul Matos Azocar, whom President Rafael Caldera swore in this morning. We will briefly try to find out the new minister's position on important aspects of our economy.

Minister Matos, you have just announced there will be certain modifications to the Economic Recovery and Stabilization Program, PERE, which is one of the government's basic economic guidelines. What are those modifications?

[Matos] PERE was presented as a permanent and dynamic adjustment plan. That is how the new economic cabinet will view it in order to adjust it to the new reality. Several months have passed, and we are now facing a new situation regarding our reserves and liquidity; therefore, we will make the necessary adjustments. Basically, we will maintain the spirit, which is encouraging investments as much as possible. Interest rates have begun to drop. We will try to create new jobs by encouraging investments.

One of our main proposals is creating a great movement against inflation in which each sector will play an important role. The executive branch will contribute by reducing excess liquidity through foreign exchange measures and distributing dollars, a task which will soon be completed by the group assigned for that purpose.

[Prado] Let's talk about the financial crisis. What are your plans to resolve the financial crisis, which is one of the main problems affecting our economy?

[Matos] This point is a very important one. In the next few days, I will propose an overall plan for recovering the financial sector to the Financial Emergency Board and various sectors in the country. I believe it is time to leave the nightmare of the banks behind and start taking the path of investments, privatizing banks in the hands of the state, and reducing risks for savers, definitely and most important. In that manner, we will start reactivating the financial sector.

In addition to that plan—the Central Bank of Venezuela, BCV, has already prepared a draft at my request—we have in mind the creation of a working team also coordinated by the BCV and the Financial Emergency Board. This special team, with advice from the IMF and the World Bank, will finally evaluate the situation of solvency and liquidity and the various factors affecting the banking sector.

We must realize—and I believe we are beginning to see it that way—it does not mean the depositors are in crisis when a bank is in a crisis. The transfer of funds has enabled depositors to continue functioning and operating. Now that a high percentage of the sector is in the hands of the state, I believe depositors can be at ease, because the state and the state banks have guaranteed they will receive, with the least possible inconvenience, the funds they had saved in the banks recently affected by the crisis.

[Prado] Mr. Minister, briefly, three answers to three questions. Are there plans to intervene in any other banks, how much do you expect inflation to be by the end of the year, and how much do you expect the interest rate imbalance to fall?

[Matos] Instead of answering whether there will be more bank interventions, I believe I should express the government's point of view. In the case of Banco Union, where all efforts have been made not to take over the bank, the government has clearly demonstrated it has no intention of occupying any more banks, a very important point. What was your second question?

[Prado] Inflation.

[Matos] Regarding inflation, there is a trend that can be seen in the graphs the Central Bank has presented to the media. We must pay more attention to trends than percentages. There is a downward trend in the inflation rate. It was four point something in December and almost 5 percent during the previous months. It was 3.1 percent in January. This reason is why I feel optimistic about controlling inflation by implementing policies against excess liquid assets, hence producing inflation levels for 1995 about 35 or 40 percent.

[Prado] You said the government is expecting a 36 percent interest rate. To end this interview, what will happen to the exchange rate?

[Matos] The most important thing regarding inflation is that we have seen how the Central Bank has been gradually reducing interests during the last few days to the current 42 percent, instead of harming depositors; this indicates there is a continued interest in reducing interest rates. If we are fighting inflation, if we are working as we are with inflation rates, I see no reason to worry about the exchange rate at this time.

[Prado] Thank you, Luis Raul Matos Azocar, whom President Rafael Caldera has just sworn in as the government's new finance minister. Outgoing Minister Julio Sosa Rodriguez was also sworn in as minister of state for matters assigned by the president. We have learned he will deal with international economic issues, among other things.

Guyana

U.S. Aid Reduction Creates 'Hole' in 1995 Budget

FL0202144895 Bridgetown CANA in English 1748 GMT 1 Feb 95

[FBIS Transcribed Text] Georgetown, Guyana, Feb 1, CANA - The fifty percent reduction in PL480 grant aid from the U.S. to Guyana has "punched a US3 million hole" in that country's 1995 budget which is to be presented to parliament on February 6.

This was the reaction from the country's finance minister, Asgar Ally, Wednesday when he told CANA that "this development has come at a most unfortunate time".

Ally said that his government and the U.S. authorities have been engaged in negotiations to avoid this situation so that Guyana could continue to receive a US6 million worth of wheat in 1995 as part of a three-year US20 million grant assistance that started in 1994.

However, having received the first wheat shipment under the PL480 programme to the equivalent of US6 million, the government was informed that this may now have to be reduced to US3 million for this year.

"This has punched a hole in our budget for 1995 and we are still negotiating with the U.S. government, with the help of its local embassy, how best it could help us to cushion this blow by alternative means of support for social welfare programme and debt servicing," said the finance minister.

The slash by half means that in terms of the existing exchange rate against the U.S. dollar, Guyana stands to lose approximately G300 million (1G; .007 US cents) on what it would have received from wheat sales to funnel into basic needs social programmes and contribute to debt servicing payments.

With the prospects of facing a similar situation in 1996, the government will pursue alternative arrangements with the U.S. including special long-term soft loans, as exist with Jamaica, according to Ally, "while we intensify efforts to close the ... gap in the new budget due to the reduction of PL480 wheat aid".

Guyana's debt burden currently stands at some US2 billion with the country having to spend over US100 million in annual service payments.

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